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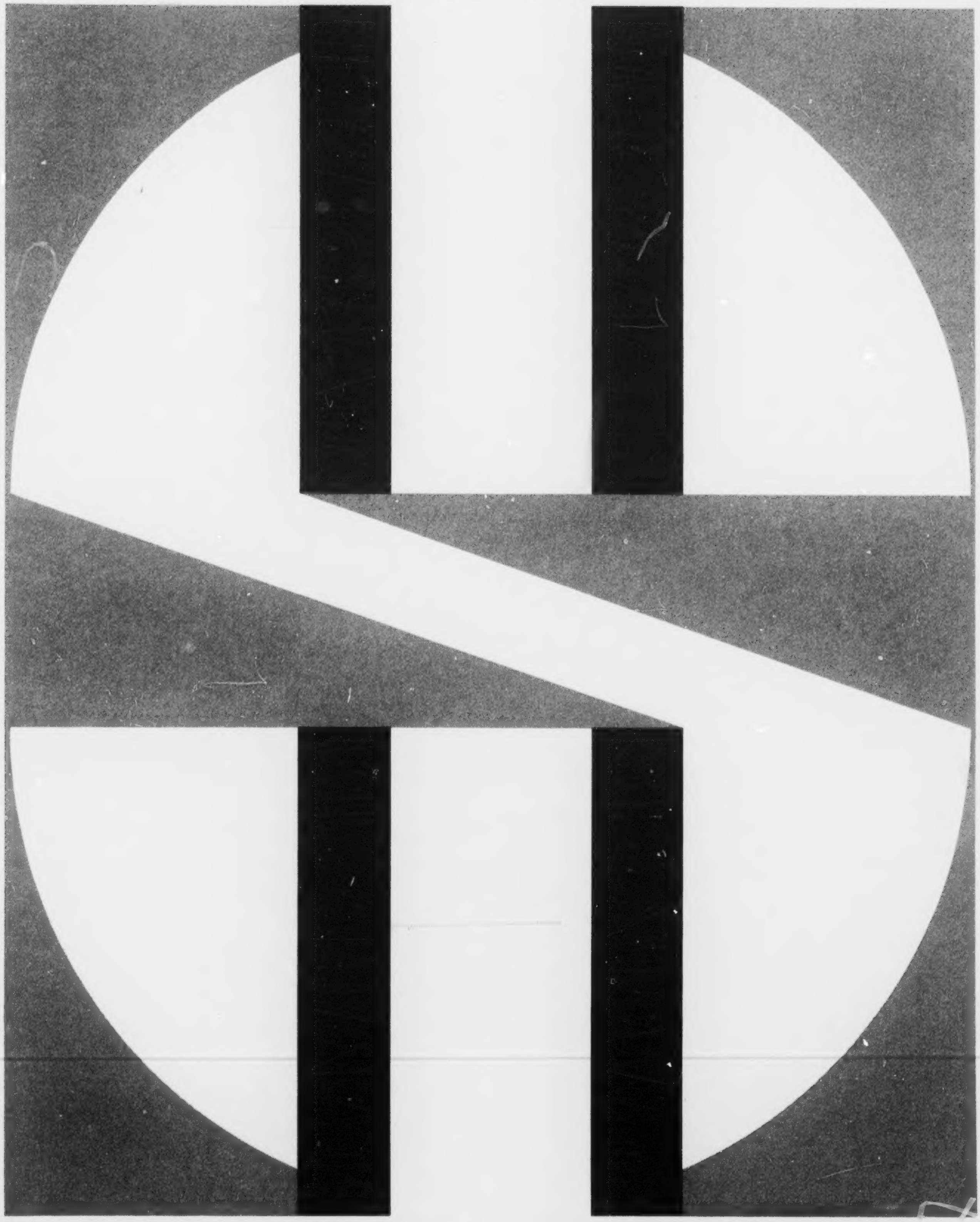
1983 - THE TWELFTH ANNUAL DOLLARS PER DAY SURVEY OF THE SMALL-FOOD STORE INDUSTRY



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TWELFTH ANNUAL
Dollars per Day Survey of the Small Food Store Industry

This is the Twelfth Annual Dollars per Day Survey of the Small Food Store Industry. The operating results of the eleven publicly-held convenience store chains are included in the survey.

The companies included in the report are the largest chains in the industry. To be included in this report, chains must meet the following qualifications:

1. Must be publicly held.

2. Store operating figures must be adequately separated in the annual report from other lines of business in which the company may be engaged, so that reasonable deductions can be made concerning store operating results.

We believe this report includes all of the chains in the United States that meet the above qualifications. If you know of others, please contact us so we can include them in next year's report.

The numerical data from each of the last eleven surveys is also included. By reviewing the previous surveys at the back of the report, you can develop an understanding of the trends in the industry over the past eleven years. And, by reviewing the data on each company, you can determine individual trends over this same period.

Explanation of the Survey

The survey presents the financial results of the leading publicly-held small food store chains on a dollars per store per day basis. The dollars per day method reduces the operating figures of the chains to a common denominator. The denominator is store operating days. Each chain is analyzed on this basis and then ranked in comparison to the other chains. All of the data used is easily verifiable and is derived from either the chain's annual report to the stockholders, the proxy statement, or the 10K that is filed with the Securities and Exchange Commission. All of these reports are readily available. A more complete explanation of the dollars per day method can be found toward the end of this book.

Store Sales and Gasoline Sales

Store sales are considered to be merchandise sales made from the store. These are the sales of the traditional products sold in a convenience store. Gasoline sales are sales of petroleum products typically made from remote controlled dispensing systems that are activated at the checkstand inside the store. Almost all gasoline sales are on a self-serve basis.

Store sales for all of the chains are comparable. We have been successful in dividing store sales and gasoline sales and have excluded gasoline sales from our sales computations and comparisons. Gasoline sales and gallonage figures are shown in separate schedules. We have the best figures to date on both the dollar sales of gasoline and the gasoline gallonage figures for the chains.

Dollars Profit per Store per Day

$DPD will be used to signify dollars per store per day in this report.

Chains Included in the Survey

Shop & Go, Circle K, Southland, National Convenience, Lil' Champ, Dillon, Li'l General, Mini Mart, Sunshine Jr., Conna, and Munford are included in the survey. Together, these chains operate 12,400 stores. It has been estimated that there are 39,000 stores of this type in the United States. If this is so, these eleven chains operate 32% of the stores in the industry. Combined, these chains operate 5,799 gasoline dispensing units. Forty-seven percent of the stores operated by the chains in this survey dispense gasoline. This year we have dropped Hop-In from the survey. In May, they were acquired by Silverwood Industries, Limited. Silverwood is a Canadian company that also owns Mac's Milk Stores. They are now included with the group of companies that appears toward the end of this report.

Again the Winner is Shop & Go of Mango, Florida

Shop & Go, the neighborhood grocery store chain from Mango, Florida, is the winner of the Twelfth Annual Dollars per Day Survey. Shop & Go achieved the highest dollars per store per day of pretax profits of all the publicly-owned chains. This is the second year in a row that Shop & Go has won the award. It is the fourth time in twelve years that they have been the winner. In three other years, 1975, 1979, and 1980, they earned second place. Shop & Go is basically a family business that is run by Bob and Lorena Jaeb. They are now assisted by their son, John, who is their administrative assistant.

This year they earned $78.81 per store per day in pretax profits and set a new record for earnings for the survey. In constant dollars (1971), they earned $33.25 of profit per store per day. This exceeds the pretax profit goal established in 1971 when the survey was started. Our congratulations to the Jaebs and their employees.

Shop & Go Is Presented with the Winner's Trophy

A silver tray was presented to Bob and Lorena Jaeb of Shop & Go for developing the highest dollars per store per day of pretax profit in 1982. Bob is the president and Lorena is the executive vice president of this 412-store chain, which is headquartered in Mango, Florida. The award was presented by John F. Roscoe (on the far right), publisher of the Dollars per Day Survey, at a dinner in Shop & Go's honor in Tampa, Florida.

PRETAX DOLLARS OF PROFIT PER DAY

Dollars per Day Profit Ranking	Company	Number of Stores	Pretax Profit per Store per Day
1	Shop & Go	405	$78.81
2	Circle K	1,211	60.75
3	Southland	7,002	60.67
*4	National Convenience	922	60.49
5	Lil' Champ	162	48.25
6	Dillon	349	41.36
*7	Li'l General	460	25.42
8	Mini Mart	114	23.80
9	Sunshine Jr.	354	21.89
*10	Conna	434	16.42
*11	Munford	987	6.85
Total Stores in Survey		12,400	
Average Dollars Profit per Day			$51.70

*FIFO inventory valuation for store inventories.

AGGREGATE PROFIT AND LOSS STATEMENT
For the Eleven Chains Included in the Survey

	Percent This Year	Last Year	This Year
Total Sales	100.00%	$4,891,693,280	$5,504,965,653
Cost of Goods Sold	72.00%	3,522,018,960	3,963,575,232
Gross Margin	28.00%	1,369,674,320	1,541,390,421
Expense	23.77%	1,188,460,452	1,308,477,478
Net Profit Before Income Tax	4.23%	181,213,868	232,912,943
Net Profit After Income Tax	2.40%	106,474,899	132,126,821

ANNUAL PROFIT AND LOSS STATEMENT
For the Average Store Included in the Survey

	Percent This Year	Last Year	This Year
Sales	100.00%	$ 396,390	$ 446,030
Cost of Goods Sold	72.00%	285,400	321,141
Gross Margin	28.00%	110,990	124,889
Expense	23.77%	96,303	106,019
Net Profit Before Income Taxes	4.23%	14,687	18,870
Net Profit After Income Taxes	2.40%	8,628	10,705

PROFIT AND LOSS STATEMENT OF THE AVERAGE STORE BY DAY
For the Eleven Chains Included in the Survey

	Percent This Year	Last Year	This Year
Sales	100.00%	$ 1,086.00	$ 1,222.00
Cost of Goods Sold	72.00%	781.92	879.84
Gross Margin	28.00%	304.08	342.16
Expense	23.77%	263.84	290.46
Net Profit Before Income Taxes	4.23%	40.24	51.70
Net Profit After Income Taxes	2.40%	23.64	29.33

THE SMALL FOOD STORE BUSINESS RANKED

Dollars per Day Profit Ranking	Company	Year Ended	Number of Stores	Store Days	Small Food Store Sales	Average Sales per Store per Day
1	Shop & Go	4-01-82	405	147,420	$ 134,659,000	$ 913
2	Circle K	4-30-82	1,211	442,015	443,400,000	1,003
3	Southland	12-31-81	7,002	2,535,749	3,534,600,000	1,394
4	National Convenience	6-30-82	922	320,060	415,300,000	1,298
5	Lil' Champ	5-01-82	162	56,420	41,534,000	736
6	Dillon	7-03-82	349	127,433	141,373,213	1,109
7	Li'l General	12-26-81	460	167,440	171,200,000	1,022
8	Mini Mart	8-31-81	114	41,244	29,982,772	727
9	Sunshine Jr.	12-31-81	354	129,027	72,450,668	562
10	Conna	5-30-82	434	154,700	237,466,000	1,535
11	Munford	12-31-81	987	383,292	283,000,000	738
TOTALS			12,400	4,504,800	$5,504,965,653	$1,222

Sales shown on this schedule are for food stores only. All gasoline sales have been excluded.

Gasoline sales for the year were $2,603,083,648 as shown on page 37.

Total sales for both food and gasoline were $8,108,049,301.

BY DOLLARS OF PROFIT PER STORE PER DAY

Sales Increase per Store per Day	Percent of Sales Increase in $DPD Sales	Pretax Profit	Inventory Valuation Method	After Tax Profit	After Tax Profit as a Percent of Sales	Profit per Store per Day Pretax	Profit per Store per Day After Tax
$ +65	8%	$ 11,619,000	LIFO	$ 6,251,285	4.64%	$78.81	$42.40
+46	5%	26,853,000	LIFO	14,769,150	3.33%	60.75	33.41
+175	14%	153,859,200	LIFO	86,649,960	2.45%	60.67	34.17
+156	14%	19,360,000	FIFO	12,185,000	2.93%	60.49	38.07
+56	8%	2,722,000	LIFO	1,550,000	3.73%	48.25	27.47
+77	7%	5,271,000	LIFO	3,011,777	2.13%	41.36	23.63
+106	12%	4,257,000	FIFO	2,128,500	1.24%	25.42	12.71
+57	9%	981,750	LIFO	543,272	1.81%	23.80	13.17
+40	8%	2,824,493	LIFO	1,595,842	2.20%	21.89	12.37
–54	–3%	2,541,000	FIFO	1,632,000	.68%	16.42	10.55
+88	13%	2,624,500	FIFO	1,810,035	.64%	6.85	4.72
$+136	+13%	$232,912,943		$132,126,821	2.40%	$51.70	$29.33

Current Versus Constant Dollars in the Industry

This is an important schedule. There have been wide variations in the sales growth by store between the chains in the survey. On the top is National Convenience with 31% growth in the average daily sales and on the bottom is Lil' Champ, whose average daily sales have declined by 37% in constant dollars since 1971. The past year was a particularly good year for sales growth versus inflation. Southland, National Convenience, Munford, and Li'l General all showed strong sales growth. These four chains have now all raised their average daily sales in constant dollars above their 1971 level. Their performance raised overall growth for the chains in the survey to +4% since 1971.

In 1971, the average store sold $495.00 in merchandise from each store per day. Twelve years later, the average store sold $1,222 of merchandise in each store per day. When $1,222 is adjusted for inflation, average store sales in 1982 were $516 in 1971 dollars. Constant dollar sales increased $21 per store per day in the twelve-year period. In 1971, most stores operated on a 16-hour-a-day basis, whereas in 1982, a great number of chains operated their stores on a 24-hour basis. In terms of 1971 dollars, there has been a significant real reduction in sales per store per day for some of the chains. If we have made any errors in our methodology or computations, we welcome refutation—or confirmation—of our figures. To grow and prosper, businesses must maintain constant dollar sales.

SALES COMPARISON
Current Dollar Sales Versus Constant Dollar Sales for the Eleven Chains in the Survey

$DPD Profit Ranking	Company	1971 $DPD Average Daily Sales	1982 $DPD Average Daily Sales	Sales Growth for 11 Yr. Period in Current Dollars	Percent Sales Increase in Current Dollars	1982 Average Daily Sales in Constant Dollars	Sales Growth for 11 Yr. Period in Constant Dollars	Percent Sales Growth in Constant Dollars
1	Shop & Go	$532[1]	$ 913	$381	72%	$413	$−119	−22%
2	Circle K	535	1,003	468	87%	423	−112	−21%
3	Southland	564	1,394	830	147%	588	+24	+4%
4	National Convenience	418	1,298	880	210%	548	+130	+31%
5	Lil' Champ	525[1]	736	211	40%	333	−192	−37%
6	Dillon	555	1,109	554	99%	468	−87	−16%
7	Li'l General	340	1,022	682	201%	431	+91	+27%
8	Mini Mart	530[2]	727	197	37%	402	−128	−24%
9	Sunshine Jr.	370	562	192	52%	237	−133	−36%
10	Conna	877	1,535	658	75%	648	−229	−26%
11	Munford	307	738	431	140%	311	+4	+1%
Totals		$495	$1,222	$727	147%	$516	$ +21	+4.2%

[1] Base year 1973.

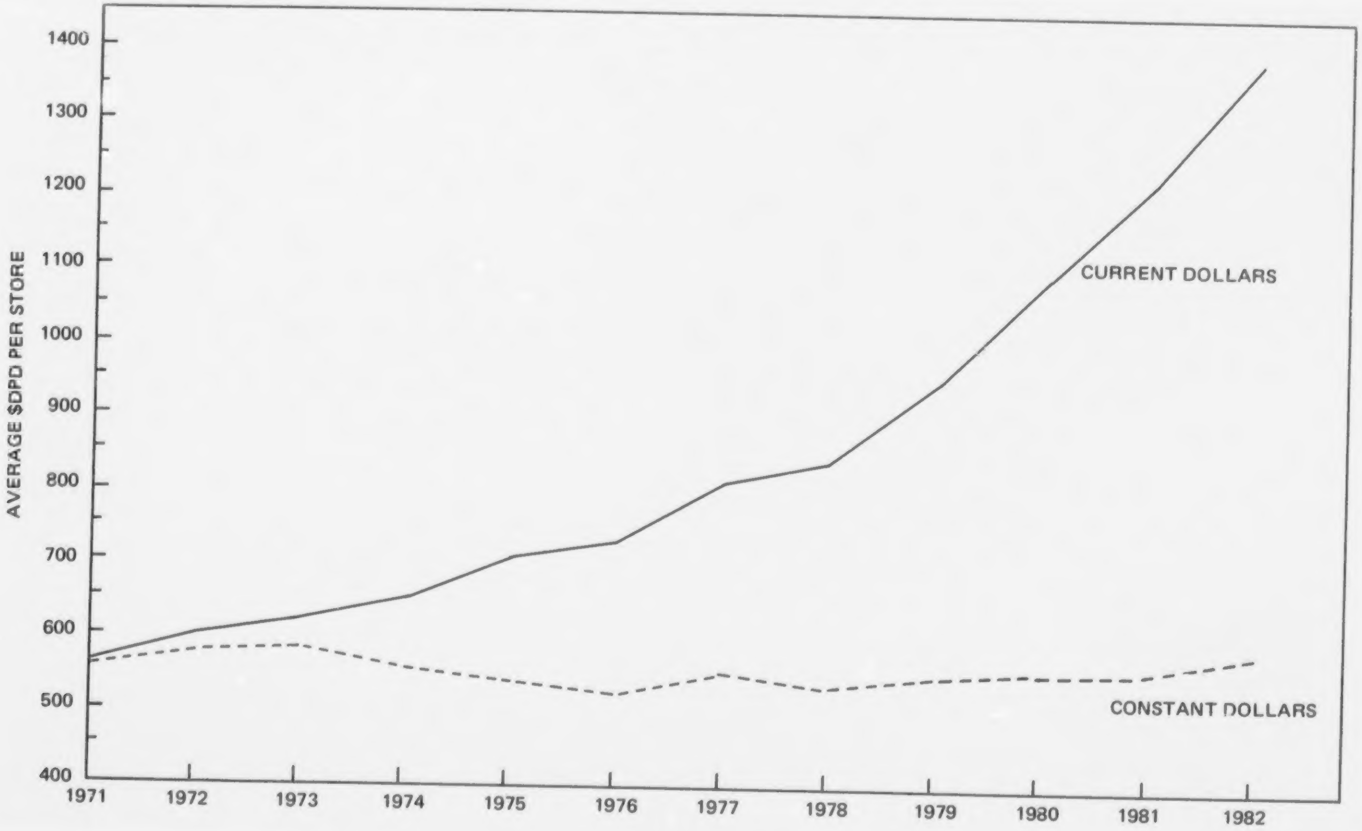
[2] Base year 1975.

1982 CPI is 237.0% of 1971 CPI.
1982 CPI is 221.2% of 1973 CPI.
1982 CPI is 180.9% of 1975 CPI.

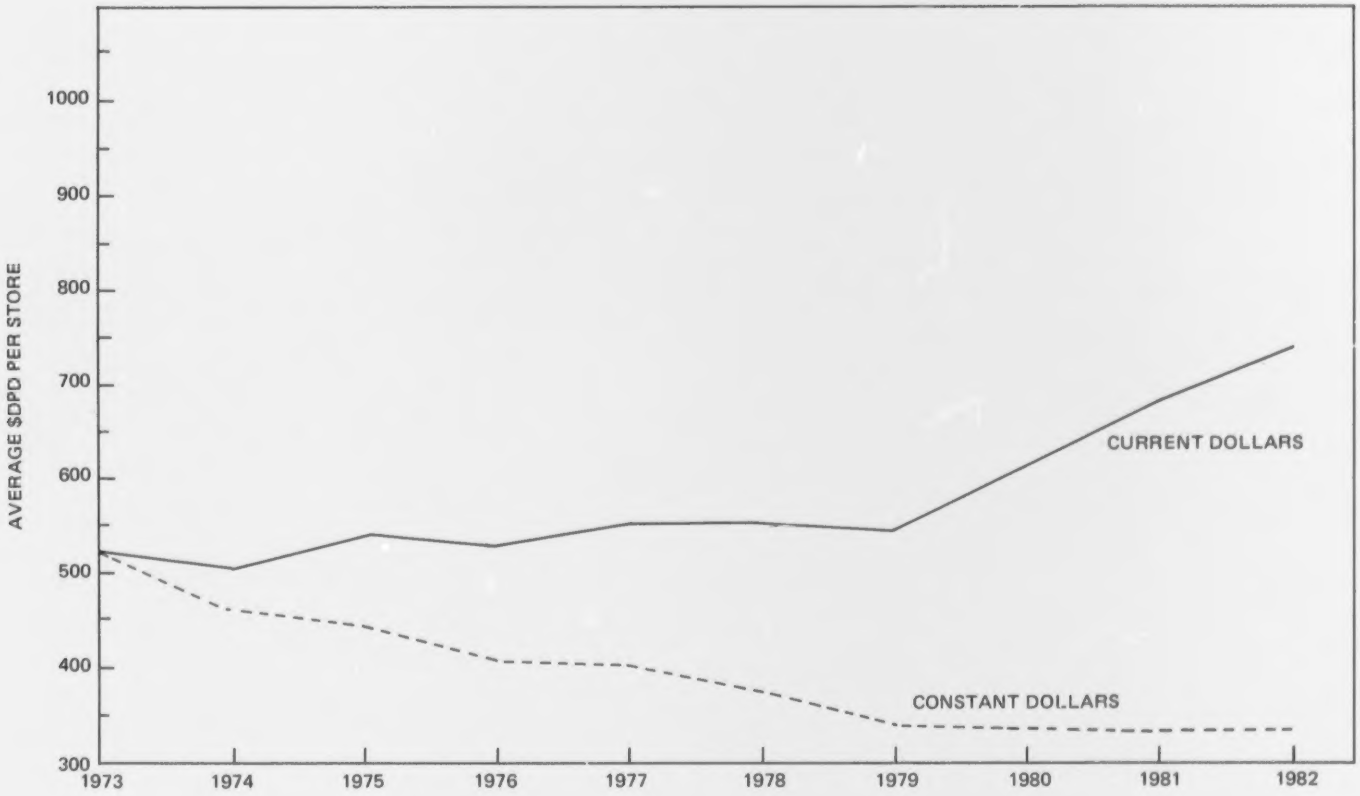
SALES GROWTH RANKING
for the Eleven Chains in the Survey in Constant Dollars Over the Base Year

Constant Dollar Sales Growth Ranking	Company	Sales Growth or Loss in Constant Dollars	Sales Growth or Loss
1	National Convenience	$+130	+31%
2	Li'l General	+91	+27%
3	Southland	+24	+4%
4	Munford	+4	+1%
5	Dillon	–87	–16%
6	Circle K	–112	–21%
7	Shop & Go	–119	–22%
8	Mini Mart	–128	–24%
9	Sunshine Jr.	–133	–36%
10	Lil' Champ	–192	–37%
11	Conna	–229	–26%
Totals		$ +21	+4.2%

The 1971 10K for Southland states that most stores operated from 7 a.m. to 11 p.m. The 12/31/81 10K states that 6,328 stores or 90% operated 24 hours a day, and an additional 350 stores or 5% operated for extended hours (beyond 7 a.m. to 11 p.m.) during 1981. This schedule shows that 7-Eleven's sales increased from $564 per store per day in 1971 to $588 in 1981 (in constant 1971 dollars). This is an increase of $+24 or 4%. If night sales are factored in, we estimate that 7-Eleven actually had sales decreases of about 15% per store per day between 1971 and 1981. This means that 7 a.m. to 11 p.m. sales have declined to $500 per store per day in 1971 dollars, given comparable operating hours.

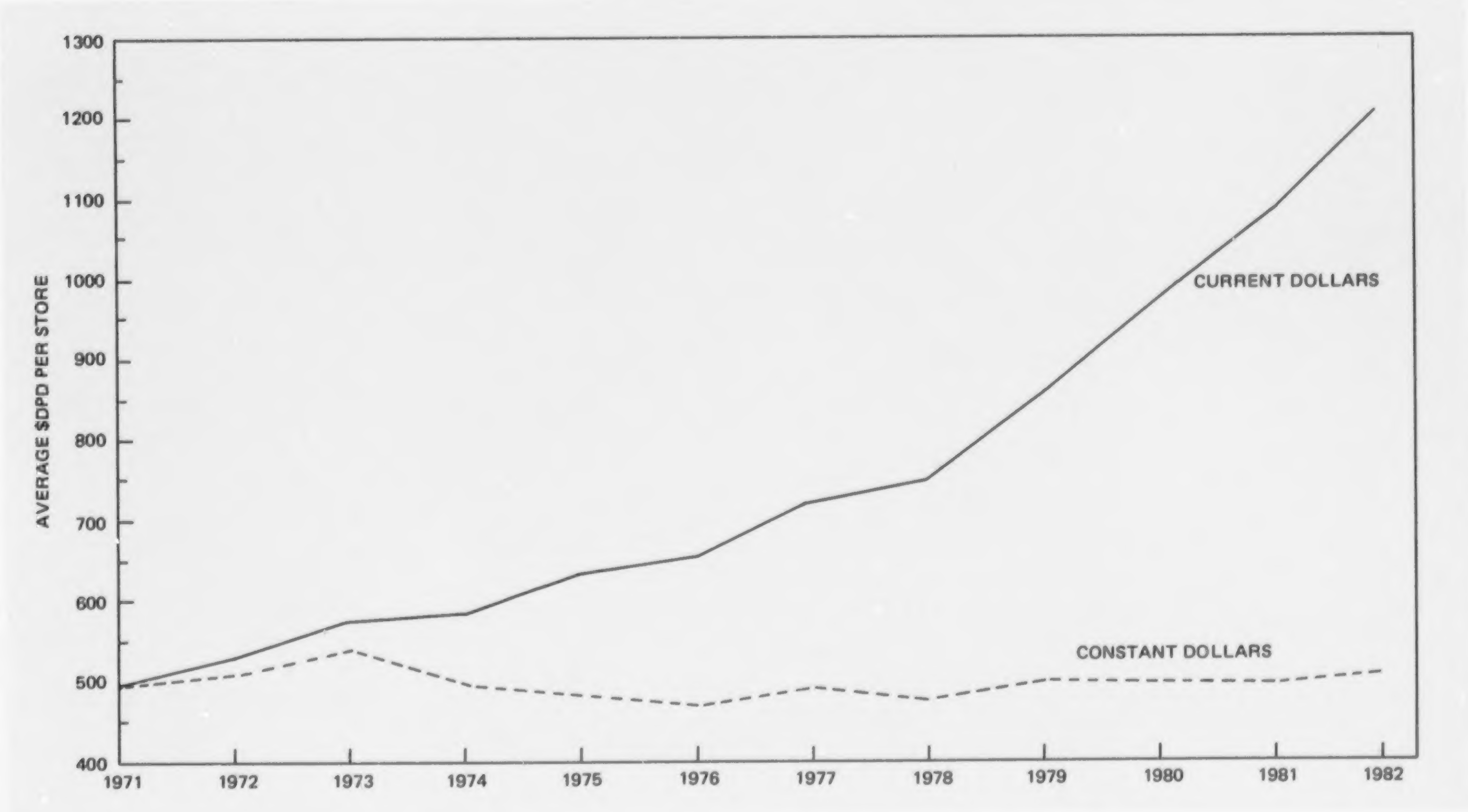


	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Average $DPD in Current Dollars	$564	$598	$624	$653	$708	$731	$813	$841	$950	$1,087	$1,219	$1,394
Constant Dollar Sales Adjusted for Inflation	$564	$578	$583	$557	$540	$523	$553	$535	$553	$ 556	$558	$588
Real Sales Growth from Base Year Sales	–	+$14	+$19	–$7	–$24	–$41	–$11	–$28	–$11	–$8	–$6	+$24
CPI–Urban Consumers 1967 = 100	119.2	123.2	127.7	139.7	156.1	166.7	175.3	187.2	204.7	233.2	260.5	282.5



	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Average Daily Sales in Current Dollars	$525	$505	$541	$532	$553	$550	$544	$612	$682	$736
Constant Dollar Sales Adjusted for Inflation	$525	$462	$443	$408	$403	$375	$339	$335	$334	$333
Real Sales Growth from Base Year Sales	–	–43	–98	–124	–150	–175	–205	–190	–191	–192
CPI—Urban Consumers 1967 = 100	127.7	139.7	156.1	166.7	175.3	187.2	204.7	233.2	260.5	282.5

Sales Comparison
Current Versus Constant Dollar Sales for the Small Food Industry



Profit Reported in $DPD Survey	$495	$530	$579	$586	$636	$658	$723	$751	$859	$978	$1,086	$1,222
Constant Dollars Adjusted for Inflation	$495	$513	$541	$500	$485	$471	$492	$478	$500	$500	$497	$516
Real Sales Growth from Base Year Sales	–	+$18	+$46	+$5	–$10	–$24	–$3	–$17	+$5	+$5	+$2	+$21
CPI–Urban Consumers 1967 = 100	119.2	123.2	127.7	139.7	156.1	166.7	175.3	187.2	204.7	233.2	260.5	282.5

We have computed the effect of inflation on sales dollars using the Consumer Price Index as the multiplier. The average store sales increased by $49,640 this year for an average daily sales increase of $136.00. Based on the previous survey, average store sales would have to increase to $33,269 for the year (or $91.14 per store per day) to keep pace with the Consumer Price Index. The figures for this year show considerable improvement over any prior year.

STORE SALES VERSUS THE CONSUMER PRICE INDEX

Year	January 1 Consumer Price Index	Average Daily Sales $DPD Survey	Average Daily Sales Needed to Keep Pace with CPI*	Average Annual Sales $DPD Survey	Average Annual Sales Needed to Keep Pace
1971	119.2	$ 495	$	$180,675	$
1972	123.2	530	512	193,450	186,817
1973	127.7	579	530	211,335	193,502
1974	139.7	586	580	213,890	211,751
1975	156.1	636	648	232,140	236,684
1976	166.7	658	692	240,828	252,583
1977	175.3	723	728	263,895	265,772
1978	187.2	751	777	274,115	283,659
1979	204.7	859	850	313,535	310,218
1980	233.2	978	968	356,970	353,400
1981	260.5	1,086	1,082	396,390	394,930
1982	282.5	1,222	1,173	446,030	428,199

*Based on first survey.

Status of Sales, Margin and Expense

Note the following recap of these important areas. They have been broken down on a per store per day basis.

Year	Sales	*COGS	Margin	Expenses	Profit	Sales Growth	Expense Growth	Profit Growth
1971	$ 495	$ 356.40	$ 138.60	$ 124.15	$ 14.45	Base Yr.	Base Yr.	Base Yr.
1972	530	381.60	148.40	130.67	17.73	$ +35	$ 6.52	$ 3.28
1973	579	416.55	162.12	143.34	18.75	+49	12.67	1.05
1974	586	421.92	164.08	144.24	19.84	+7	.90	1.06
1975	636	457.92	178.05	156.92	21.16	+50	12.68	1.32
1976	658	473.76	184.24	160.30	23.94	+22	3.38	2.78
1977	723	520.56	202.44	177.25	25.19	+65	16.95	1.25
1978	751	540.72	210.28	182.81	27.47	+23	5.56	2.28
1979	859	618.48	240.52	207.50	33.02	+108	24.69	5.55
1980	978	704.29	273.88	235.70	38.18	+119	28.20	5.16
1981	1,086	781.92	304.08	263.84	40.24	+112	28.14	2.06
1982	1,222	879.84	342.16	290.46	51.70	+136	26.62	11.46
Change Since 1971	$+727	$+523.44	$+203.56	$+166.31	$+37.25	$+727	$+166.31	$+37.25

***Assuming a 72% cost of goods sold.**

If we were to assume that the sales increase were full margin dollars, the expense-profit tradeoff comes out as follows:

Sales Growth	$+136.00
COGS on these sales 72%	97.92
Margin Growth 28%	38.08
Expense Growth	26.62
Profit Increase, $DPD	$ +11.46

AVERAGE SALES PER STORE PER DAY RANKING AND THIS YEAR'S SALES GROWTH VERSUS INFLATION

Average Sales per Day Ranking	Company	Sales per Store per Day	Sales Growth per Store per Day This Year	Percent Sales Increase This Year Over Last Year	Sales Needed to Keep Pace with CPI	Sales Increase or Decrease in Constant Dollars
1	Conna	$1,535	(–54)	(–3%)	$1,723	$–188
2	Southland	1,394	175	14	1,322	+72
3	National Convenience	1,298	156	14	1,238	+60
4	Dillon	1,109	77	7	1,119	–10
5	Li'l General	1,022	106	12	993	+29
6	Circle K	1,003	46	5	1,037	–34
7	Shop & Go	913	65	8	920	–7
8	Munford	738	88	13	725	+13
9	Lil' Champ	736	56	8	740	–4
10	Mini Mart	727	57	9	727	Even
11	Sunshine Jr.	562	40	8	564	–2
Averages		$1,222	+136	+13%	$1,178	$ +44

All sales are for food store sales only. Gasoline has been excluded, so sales are comparable among companies.

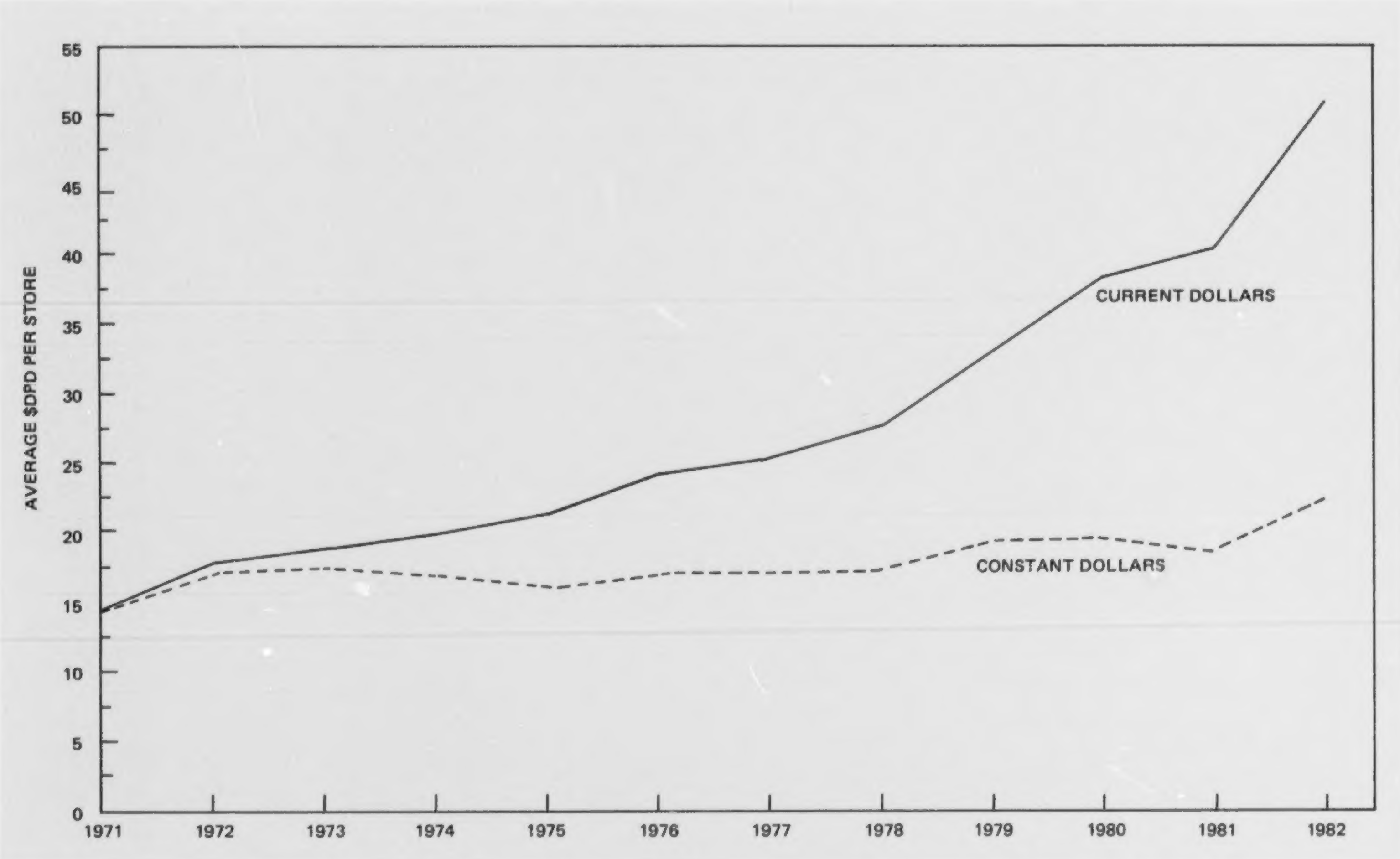
To adjust to 1980 dollars, the CPI for January 1982 was divided by the CPI for January 1981 (282.5 divided by 260.5).

1981 sales had to be 108.44 of 1980 sales to be comparable in constant dollars.

AVERAGE $DPD RESULTS FOR ALL TWELVE YEARS OF THE SURVEY

	Average Pretax Profit Per Day	Increase
1971 Dollars Profit per Day per Store	$14.45	Base Year
1972 Dollars Profit per Day per Store	17.73	$ +3.28
1973 Dollars Profit per Day per Store	18.78	+1.05
1974 Dollars Profit per Day per Store	19.84	+1.06
1975 Dollars Profit per Day per Store	21.16	+1.32
1976 Dollars Profit per Day per Store	23.94	+2.78
1977 Dollars Profit per Day per Store	25.19	+1.25
1978 Dollars Profit per Day per Store	27.47	+2.28
1979 Dollars Profit per Day per Store	33.02	+5.55
1980 Dollars Profit per Day per Store	38.18	+5.16
1981 Dollars Profit per Day per Store	40.24	+2.06
1982 Dollars Profit per Day per Store	51.70	+11.46

Profit Comparison
Current Versus Constant Dollar Sales for the Small Food Industry



	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Profit Reported in $DPD Survey	$14.45	$17.73	$18.78	$19.84	$21.16	$23.94	$25.19	$27.47	$33.02	$38.18	$40.24	$51.70
Profit per Day in Constant Dollars	$14.45	$17.15	$17.50	$16.93	$16.15	$17.12	$17.12	$17.50	$19.23	$19.52	$18.41	$21.81
Real Profit Growth from Base Year Sales	–	+2.70	+3.05	+2.48	+1.70	+2.67	+2.67	+3.05	+4.78	+5.07	+3.96	+7.36
CPI–Urban Consumers 1967 = 100	119.2	123.2	127.7	139.7	156.1	166.7	175.3	187.2	204.7	233.2	260.5	282.5

AVERAGE FIGURES FOR THE CHAINS IN THIS SURVEY

	Fifth Survey	Sixth Survey	Seventh Survey	Eighth Survey	Ninth Survey	Tenth Survey	Eleventh Survey	Twelfth Survey
Average sales per store per day	$ 636	$ 658	$ 723	$ 751	$ 859	$ 978	$ 1,086	$ 1,222
Sales growth (average day this year versus average day last year)*	+50	+22	+65	+28	+108	+119	+112	+136
Total sales per store per year*	232,140	240,828	263,895	274,115	313,535	356,970	396,390	446,030
Sales per store per week*	4,452	4,606	5,061	5,257	6,013	6,846	7,602	8,577
Total pretax profit on sales per store annually*	7,723	8,762	9,194	10,026	12,052	13,935	14,687	18,870
Total after tax profit per store annually*	3,978	4,523	4,752	5,431	6,395	8,964	8,628	10,705
Pretax profit per store per day*	21.16	23.94	25.19	27.47	33.02	38.18	40.24	51.70
After tax profit per store per day*	10.90	12.36	13.02	14.38	17.52	24.56	23.64	29.33
Percentage of profit pretax	3.32%	3.64%	3.56%	3.65%	3.84%	3.90%	3.70%	4.23%
Percentage of profit after tax	1.71%	1.92%	1.84%	1.98%	2.04%	2.51%	2.17%	2.40%

***Dollars.**

Profit per Store per Day

If inflation is ignored, the average pretax profit per store per day for the eleven chains was $51.70 for the year. This is an increase of $11.46 per store per day over the $40.24 figure in last year's survey, representing a 28% increase in $DPD for the year. Eight chains increased their $DPD profit for the year, one chain was even, and only two chains had decreases.

PRETAX PROFIT GROWTH SCHEDULE

$DPD Profit Ranking	Company	Pretax Profit per Store per Day Growth Over Last Year
1	Shop & Go	$+14.05
2	Circle K	–.58
3	Southland	+14.23
4	National Convenience	+5.88
5	Lil' Champ	+3.86
6	Dillon	+5.66
7	Li'l General	+12.12
8	Mini Mart	–9.82
9	Sunshine Jr.	+4.18
10	Conna	–6.76
11	Munford	+16.44
Average Profit Increase per Day Over Last Year (Dollars)		$+11.46
Average Profit Increase per Day Over Last Year (Percentage)		+28%

Profit Goals

In our first survey in 1971, we established a profit goal for the industry of $30.00 per store per day. We felt $30 was a reasonable return on invested capital and for compensation for the considerable downside risks represented by the off balance sheet liabilities of most firms. Our $30 figure, however, was based on the value of money in 1971. In 1982, it takes $71.10 per store per day to earn what $30 did in 1971. This year, Shop & Go averaged $78.81 per store per day. This amounted to $33.25 in constant 1971 dollars and exceeds our original profit goal.

Inflation and Profit Goals

In this report, we have used the Consumer Price Index for all urban consumers (1967 = 100) as supplied by the U.S. Department of Labor. We have used the January figure of each year as our index of inflation for that year. To adjust to 1971 dollars, the current figures must be divided by 237.00. (Divide the CPI for January 1982 by the CPI for January 1971: 282.5 divided by 119.2 = 237.00).

In the survey, pretax profits have increased from an average of $14.45 per store per day in 1971 to $51.70 in 1982. If the $51.70 pretax profit is adjusted for inflation ($51.70 divided by 237.0), you arrive at a constant dollar pretax figure of $21.71 (in 1971 dollars). Thus, in 1971 dollars, profits have risen $7.26 per store per day or 50%. This is quite an improvement. To follow the increase of sales versus inflation, check the other sales schedules that appear in this report.

PROFIT VERSUS CONSUMER PRICE INDEX

	January 1 CPI	Average Profit per Day	Average Profit per Day Needed to Keep Pace with CPI*	Profit Goal of $30.00 per Day to Keep Pace with CPI
1971	119.2	$14.45	$	$30.00
1972	123.2	17.73	14.94	31.02
1973	127.7	18.78	15.47	32.13
1974	139.7	19.84	16.93	35.16
1975	156.1	21.16	18.92	39.30
1976	166.7	23.94	20.20	41.94
1977	175.3	25.19	21.25	44.13
1978	187.2	27.47	22.69	47.10
1979	204.7	33.02	24.51	51.51
1980	233.2	38.18	28.26	58.68
1981	260.5	40.24	31.57	65.55
1982	282.5	51.70	34.24	71.10

*Based on First Survey.

The Effect of Southland on the Survey

Southland now operates 56% of the stores included in the survey. Since their results heavily affect the total results for the survey, this chart shows the totals as they would appear if Southland were excluded.

PROFIT COMPARISON: SOUTHLAND VERSUS THE ELEVEN OTHER COMPANIES IN THE SURVEY

	Stores	Store Days	Small Store Sales	Average Sales per Store per Day	Pretax Profit	After Tax Profit	After Tax Profit as a Percent of Sales	Pretax Profit per Store per Day
Ten companies without Southland	5,398	1,969,051	$1,970,365,653	$1,000	$ 79,053,743	$ 45,476,861	2.30%	$40.15
Southland	7,002	2,535,749	3,534,600,000	1,394	153,859,200	86,649,960	2.45	60.67
Eleven companies including Southland	12,400	4,504,800	$5,504,965,653	$1,222	$232,912,943	$132,126,821	2.40%	$51.70

RECAP OF SOUTHLAND MARGINS PER DAY AT VARYING STORE MARGINS

Store sales as reported in the survey	$1,394	$1,394	$1,394
Percent margin	27%	30%	33%
Store margin	$ 376	$ 418	$ 460
Gas gallons sold per day	1,000	1,000	1,000
Gas margin at 4¢ a gallon (4 x 1,000)	$ 40	$ 40	$ 40
Total margin per day	$ 416	$ 458	$ 500
Gas margin as a percent of total margin	9.6%	9.5%	8.6%
Gas margin at 6¢ a gallon (6 x 1,000)	$ 60	$ 60	$ 60
Total margin per day	$ 436	$ 478	$ 520
Gas margin as a percent of total margin	15.9%	14.3%	13.0%
Gas margin at 8¢ a gallon (8 x 1,000)	$ 80	$ 80	$ 80
Total margin per day	$ 456	$ 498	$ 540
Gas margin as a percent of total margin	21.2%	19.1%	17.3%
Margin per hour	$19.00	$20.75	$22.50

*Approximately 95% of all 7-Eleven stores are open longer than the traditional 7 a.m. to 11 p.m., including 6,328 that never close. Ninety percent of the 7-Elevens are open 24 hours a day.

SOUTHLAND VERSUS OTHER PUBLICLY-OWNED COMPANIES IN THE SURVEY

	First Survey	Second Survey	Third Survey	Fourth Survey	Fifth Survey	Sixth Survey	Seventh Survey	Eighth Survey	Ninth Survey	Tenth Survey	Eleventh Survey	Twelfth Survey
$DPD Survey Average	$14.45	$17.73	$18.78	$19.84	$21.16	$23.94	$25.19	$27.47	$33.02	$38.18	$40.24	$60.67
Southland	17.15	19.35	20.38	20.64	25.45	30.04	32.19	35.71	40.79	38.42	44.39	51.70
Southland's Performance Above the Average	$+2.70	$+1.62	$+1.60	$ +.80	$+4.29	$+6.10	$+7.00	$+8.24	$+7.77	$ +.24	$+4.15	$+8.97

STORE GROWTH SCHEDULE FOR THE YEAR

$DPD Profit Ranking	Company	Stores Purchased	Stores Opened	Stores Closed or Sold	Net Store Growth
1	Shop & Go	None	14	21	–7
2	Circle K	None	25	8	17
3	Southland	None	374	267	107
4	National Convenience	116	47	73	90
5	Lil' Champ	None	14	None	14
6	Dillon	None	23	12	11
7	Li'l General	None	7	21	–14
8	Mini Mart	None	16	14	2
9	Sunshine Jr.	None	17	16	1
10	Conna	15	11	8	18
11	Munford	None	23	155	–132
Totals		131	571	–595	+107

1974 Fourth Annual Survey showed net store growth of 1,042 stores.
1975 Fifth Annual Survey showed net store growth of 928 stores.
1976 Sixth Annual Survey showed net store growth of 672 stores.
1977 Seventh Annual Survey showed net store growth of 360 stores.
1978 Eighth Annual Survey showed net store growth of 644 stores.
1979 Ninth Annual Survey showed net store growth of 323 stores.
1980 Tenth Annual Survey showed net store growth of 247 stores.
1981 Eleventh Annual Survey showed net store growth of 205 stores.
1982 Twelfth Annual Survey shows a net store growth of 107 stores.

The combined net store growth for the above nine years for these chains has been 4,528 stores, of which 882 stores or 20% of this growth occurred in the last four years.

STORE CLOSINGS DURING THE YEAR

$DPD Profit Ranking	Company	Stores Closed or Sold	Percent of Stores Operated at Year's End
1	Shop & Go	21	5.09%
2	Circle K	8	.67
3	Southland	267	3.87
4	National Convenience	73	8.77
5	Lil' Champ	None	0
6	Dillon	12	3.55
7	Li'l General	21	4.43
8	Mini Mart	14	12.50
9	Sunshine Jr.	16	4.53
10	Conna	8	1.92
11	Munford	155*	13.85
Totals		595	4.84%

*The Munford Annual Report states that 652 stores have been closed in the last five years. Munford operated 1,310 stores on 12-30-76; they have closed 49.7% of the stores operating at that time.

These eleven chains operated a total of 12,400 stores at the close of their last fiscal year.

1974 Fourth Annual Survey showed 172 store closings.
1975 Fifth Annual Survey showed 244 store closings.
1976 Sixth Annual Survey showed 315 store closings.
1977 Seventh Annual Survey showed 464 store closings.
1978 Eighth Annual Survey showed 399 store closings.
1979 Ninth Annual Survey showed 755 store closings.
1980 Tenth Annual Survey showed 789 store closings.
1981 Eleventh Annual Survey showed 426 store closings.
1982 Twelfth Annual Survey shows 595 store closings.

In total, the survey has recorded 4,159 store closings in the past nine years.

STORE CLOSINGS BY COMPANY FOR THE LAST EIGHT YEARS
Fiscal Years Ending December 31, 1974 and Thereafter

	Lil' Champ	Shop & Go	Sunshine Jr.	Southland	Circle K	Conna	Li'l General	Munford	National Convenience	Dillon	Mini Mart
5th	–	2	–	142	12	–	18	–	71	–	–
6th	1	–	–	158	24	4	11	–	79	11	1
7th	4	5	3	154	24	17	20	112	38	3	5
8th	0	9	6	254	12	8	19	N/A	18	7	6
9th	0	19	9	308	24	7	30	273	29	9	21
10th	0	9	8	460	22	8	56	119	28	19	15
11th	0	12	11	281	28	7	29	N/A	42	1	9
12th	None	21	16	267	8	8	21	155	73	12	14
Totals	5	77	53	2,024	154	59	204	652*	378	62	71

*The Annual Report states 652 Munford-owned stores have been closed since 12-30-76.

PERTINENT INFORMATION ON STORE OPENINGS AND CLOSINGS IN THE LAST EIGHT YEARS

Fiscal Years Ending December 31, 1974 and Thereafter

	Shop & Go	Circle K	National Convenience	Southland	Lil' Champ	Dillon	Mini Mart	Conna	Sunshine Jr.	Li'l General	Munford	Totals
Number of Stores in 5th Year Survey	240	947	801	4,801	94	188	122	218	215	550	1,348	9,524
Stores Closed Since Then	77	154	378	2,024	5	62	71	59	53	204	652	3,739
Closure Rate	32%	16%	47%	42%	5%	33%	58%	27%	25%	37%	48%	39%
Stores Opened or Acquired Since Fifth Survey	242	418	499	4,225	73	223	63	275	192	114	298	6,622
Stores in Operation in Twelfth Year Survey	405	1,211	922	7,002	162	349	114	434	354	460	987	12,400
Net Store Growth	+165	+264	+121	+2,201	+68	+161	–8	+216	+139	–90	–361	2,876
Growth on Base Year	69%	28%	15%	46%	72%	85%	–6%	99%	64%	–16%	–27%	30%

NEW STORES PLANNED

$DPD Profit Ranking	Company	Stores Planned as Stated in Last Year's Annual Report	Actual Net New Stores Opened or Acquired	Stores Planned This Year as Stated in This Year's Annual Report
1	Shop & Go	25-30 highly selective	−7	15 to 20 stores
2	Circle K	Doesn't state	17	25 stores
3	Southland	128 under construction 12-31-80	107	Doesn't state
4	National Convenience	50 net	90	75 new stores, 8 of them super stores
5	Lil' Champ	Doesn't state	14	Caution and quality
6	Dillon	35	11	28
7	Li'l General	Continued growth through acquisition and building	−14	25 for Florida & Louisiana
8	Mini Mart	Very conservative	2	Doesn't state
9	Sunshine Jr.	400 in operation in two years	1	20 new stores
10	Conna	Expansion through acquisition	18	More stores planned, seeking acquisitions
11	Munford	Doesn't state	−132	Doesn't state
Totals		+273-283	+107	+188-193

STORES OWNED VERSUS LEASED
AS NOTED IN THE ANNUAL REPORTS AND 10 K's

$DPD Profit Ranking	Company	Stores in Operation	Stores with Real Estate Owned	Increase or Decrease from Last Year in Stores Owned	Stores Leased
1	Shop & Go	405	191	+14	214
2	Circle K	1,211	211	Unknown	1,000
3	Southland	7,002	1,585	+67	5,417*
4	National Convenience	922	105	+41	817
5	Lil' Champ	162	78	+3	84
6	Dillon	349	8	N/A	341
7	Li'l General	460	101	+16	359
8	Mini Mart	114	9	–1	105
9	Sunshine Jr.	354	37	None	317
10	Conna	434	0	None	434
11	Munford	987	28	–2	959
Totals		12,400	2,353	+138	10,047

*Southland leases 1,099 stores from the Employees' Savings and Profit Sharing Plan.

Each year the chains do a better job of reporting gasoline sales. The eleven chains in the survey sold 2,112,975,731 gallons of gasoline last year. The total national market for highway gasoline in 1981 was 99.6 billion gallons (see "What Do the 25 Largest Oil Companies Have to Say About Gasoline Marketing in 1982?"). These eleven chains now sell 2.12% of the gasoline sold in the United States. They sell gasoline in 5,799 stores or 47% of them. If there are 39,000 C-stores and 47% of them sell gasoline at the same rate as the stores in this survey, small food stores now sell 7% of the gasoline sold in the country (47% of 39,000 equals 18,330 gasoline dispensing units. If these 18,330 gasoline units sell 1,040 gallons per unit per day or 380,695 a year, total gasoline sales would be $6,958,068,000. If we divide this figure by the 99.6 billion gallons of gasoline sold in the country, we get a market share of 6.98%). Using these gasoline unit figures, the eleven chains in the survey operate 31% of all C-store gasoline dispensing units.

Most of the chains own their own gasoline dispensing units, but some still don't own all of these systems. In some, the equipment is installed by a gasoline supplier who makes the investment in the equipment and pays the company a commission for each gallon pumped by the unit. The type of ownership, the source of supply, and the function of the owner of the gasoline operation greatly affect the margin received from gasoline. In general, more and more operations are making the investment in gasoline facilities and operate their own equipment.

During the year, the chains in the survey opened an additional 393 gasoline units, even though there was a net increase of only 107 stores. Gasoline represents 32% of small food store sales. Gasoline margin probably represents about 15% of the total margin dollars developed by the combined gas and store units when the company owns and controls the unit and the pricing. It represents a far lower percentage of total margin in units that are jobber-run and operate on a commission-only basis.

Gasoline

Gasoline facilities continue to increase, both in number as as a percentage of store units in the survey. Here's a recap of their growth in the past nine years.

STORES WITH GASOLINE UNITS

Survey Year	Number of Stores	Number of Stores with Gas Units	Gas Units Added During Year	Percent of Stores with Gas
1974–Fourth Survey	9,258	1,964		21.21%
1975–Fifth Survey	10,143	2,147	194	21.16
1976–Sixth Survey	11,356	2,786	557	24.53
1977–Seventh Survey	11,953	3,792	959	31.72
1978–Eighth Survey	12,597	4,584	792	36.38
1979–Ninth Survey	12,920	5,153	569	39.88
1980–Tenth Survey	13,167	5,630	447	42.76
1981–Eleventh Survey	12,445	5,533	442	44.45
1982--Twelfth Survey	12,400	5,799	393	46.76

STORES WITH GASOLINE UNITS

$DPD Profit Ranking	Company	Number of Stores	Number of Gasoline Units	Percent of Stores with Gasoline	Gasoline Units Added During Year	Stores Added During Year
1	Shop & Go	405	268	66%	3	–7
2	Circle K	1,211	780	64	27	17
3	Southland	7,002	2,517	36	271	107
4	National Convenience	922	585	63	107	90
5	Lil' Champ	162	66	41	22	14
6	Dillon	349	250	72	8	11
7	Li'l General	460	208	45	4	–14
8	Mini Mart	114	38	33	9	2
9	Sunshine Jr.	354	307	87	19	1
10	Conna	434	309	71	–5	18
11	Munford	987	471	48	–72	–132
Totals		12,400	5,799	47%	+393	+107

SCHEDULE OF IMPORTANT GASOLINE INFORMATION

$DPD Profit Ranking	Company	Number of Gas Units	Number of Gallons Sold This Year	Gas Operating Days	Average Gallons Sold per Day per Gas Unit	Gas Margin per Day per Gas Unit	Gas Margin per Gallon	Percentage of Sales Contributed by Gasoline
1.	Shop & Go	268	49,000,000	97,006	505	$28.07	5.6¢	30.8%
2.	Circle K	780	230,700,000	279,759	824	N/A	N/A	39.0%
3.	Southland	2,517	956,000,000	869,112	1,100	N/A	N/A	25.3%
4.	National Convenience	585	216,500,000	193,944	1,116	81.47	7.3¢	32.7%
5.	Lil' Champ	66	11,233,996[1]	20,020	561	26.36	4.7¢[1]	24.9%
6.	Dillon	250	93,560,260[2]	91,262	1,025[2]	N/A	N/A	45.0%
7.	Li'l General	208	47,389,000[3]	74,984	632[3]	N/A	N/A	25.7%
8.	Mini Mart	38	7,724,936[3]	12,223	632[3]	N/A	N/A	20.8%
9.	Sunshine Jr.	307	68,700,619[4]	108,578	632	N/A	N/A	54.0%
10.	Conna	309	164,206,200	112,476	1,460	N/A	N/A	42.9%
11.	Munford	471	267,960,720[5]	171,444	1,563	N/A	N/A	54.2%
Totals		5,799	2,112,975,731	2,030,808	1,040			32.1%

Notes:

1. Based on actual sales on 33 company-owned units and 4¢ a gallon commission on commission units.

2. The Circle K price (122.8) was used to compute gallonage from the dollar gas sales.

3. Gallonage estimated from actual dollar retail sales of $85,875,774 divided by Southland's average retail price of 125.0¢ for the year ended December 31, 1981.

4. We have estimated the gallons sold at 632 gallons per day per gas unit, Sunshine Jr.'s average gasoline gallonage. The Southland average retail price for the year ended 12-31-81 of 125.0¢ was used to determine the percentage of sales contributed by gasoline.

5. The actual gasoline gallonage is not stated. We have multiplied the actual number of per day gallons from last year's report by the number of gasoline days operated. Munford operated 72 less gas units at the end of this fiscal year than they did last year.

SOUTHLAND GASOLINE

	Year Ended 12/31/78	Year Ended 12/31/79	Year Ended 12/31/80	Year Ended 12/31/81
Total Gasoline Sales	$354,500,000	$569,300,000	$912,900,000	$1,195,400,000
Total Gallons Sold	616,200,000	675,500,000	792,900,000	956,000,000
Number of Gas Units	1,857	2,107	2,246	2,517
Average Price at Retail per Gallon Sold	57.5¢	84.3¢	115.1¢	125.0¢
Gas Operating Days	625,833	723,305	796,599	869,112
Average Gallons Sold per Unit per Day	984	933	995	1,100
Average Gallons Sold per Unit per Month	29,930	28,378	30,347	33,458

7-ELEVEN GASOLINE MARGIN ASSUMING 956,000,000 GALLONS SOLD PER YEAR

Margin per Gallon	Total Gas Margin	Margin per Unit per Day at 1,100 Gallons Sold
10¢	$95,600,000	$110.00
9	86,040,000	99.00
8	76,480,000	88.00
7	66,920,000	77.00
6	57,360,000	66.00
5	47,800,000	55.00
4	38,240,000	44.00
3	28,680,000	33.00
2	19,120,000	22.00
1	9,560,000	11.00

NATIONAL CONVENIENCE GASOLINE

	Year Ended 6/30/79	Year Ended 6/30/80	Year Ended 6/30/81	Year Ended 6/30/82
Total Gasoline Sales	$72,600,000	$127,500,000	$178,300,000	$255,470,000*
Total Gallons Sold	114,500,000	155,500,000	182,200,000	216,500,000
Number of Gas Units	418	446	478	585
Gas Operating Days	135,917	157,666	168,168	193,944
Average Gallons Sold per Unit per Day	842	986	1,083	1,116
Average Gallons Sold per Unit per Month	25,610	29,990	32,941	33,945
Margin per Gallon Sold	5.8¢	8.7¢	7.2¢	7.3¢
Total Gas Margin	$8,244,000	$13,528,500	$13,118,400	$15,804,500
Gas Margin per Unit per Day	$60.65	$85.80	$78.00	$81.47

***$46,400,000 gallons of gasoline were sold on a commission-only basis. We have increased the NCS gasoline sales as shown in the report at the rate of 118.8¢ per gallon to arrive at actual gasoline dollar sales.**

CIRCLE K GASOLINE

	Year Ended 4/30/79	Year Ended 4/30/80	Year Ended 4/30/81	Year Ended 4/30/82
Total Gasoline Sales	$108,400,000	$151,900,000	$227,100,000	$283,400,000
Total Gallons Sold	155,900,000	154,200,000	192,500,000	230,700,000
Number of Gas Units	677	726	753	780
Gas Operating Days	240,700	256,749	269,904	279,759
Average Price at Retail per Gallon Sold	69.5¢	98.5¢	117.9¢	122.8¢
Average Gallons Sold per Unit per Day	648	600	713	824
Average Gallons Sold per Unit per Month	19,710	18,300	21,687	25,063

CIRCLE K GASOLINE MARGIN ASSUMING 192,500,000 GALLONS SOLD PER YEAR

Margin per Gallon	Total Gas Margin	Margin per Unit per Day at 824 Gallons Sold
10¢	$23,070,000	$82.40
9	20,763,000	74.16
8	18,456,000	65.92
7	16,149,000	57.68
6	13,842,000	49.44
5	11,535,000	41.20
4	9,228,000	32.96
3	6,921,000	24.72
2	4,614,000	16.48
1	2,307,000	8.24

The Annual Report States:
The 1980 gasoline margin per gallon ranged from a high of 14.2¢ to a low of 11.1¢.
The 1981 gasoline margin per gallon ranged from a high of 12.4¢ to a low of 6.5¢.
The 1982 gasoline margin per gallon ranged from a high of 8.9¢ to a low of 4.7¢

SHOP & GO GASOLINE

	Year Ended 3/29/79	Year Ended 4/3/80	Year Ended 4/2/81	Year Ended 4/1/82
Operating Income from Gasoline Sales	$853,919	$2,412,763	$1,956,933	$2,723,000
Number of Gasoline Units	225	225	265	268
Gasoline Operating Days	81,900	83,475	89,180	97,006
Gas Margin per Unit per Day	$10.42	$28.90	$21.94	$28.07
Yearly Gallonage	44,400,000	44,400,000	42,000,000	49,000,000
Daily Gallonage	542	532	470	505
Rental Received per Gallon Pumped	1.9¢	5.4¢	4.6¢	5.6¢

TOTAL GASOLINE SALES

$DPD Profit Ranking		Dollar Sales
1	Shop & Go	$ 60,270,000
2	Circle K	283,400,000
3	Southland	1,195,400,000
4	National Convenience	255,470,000
5	Lil' Champ	13,794,124
6	Dillon	114,892,000
7	Li'l General	59,236,625
8	Mini Mart	9,656,125
9	Sunshine Jr.	85,875,774
10	Conna	190,139,000
11	Munford	334,950,000
Total Gasoline Sales		$2,603,083,648

C-STORE GASOLINE SALES

Year	# of C-Stores	# of Stores With Gasoline Pumps	# of Gas Units	Gallons Pumped per Unit	Total Gallons Pumped	Amount of Highway Gas Consumed—Billions of Gallons	Percent of Market Supplied by C-Stores	Increase	Percent Increase Over Previous Year
1980	39,000	44%	17,160	359,890	6,175,712	101.2	6.10%		
1981	39,000	47%	18,330	379,600	6,958,068	99.8	6.97%	.87%	14.2%

RECAP OF IMPORTANT GASOLINE STATISTICS FOR THE CHAINS IN THE SURVEY

	1981	1982	Increase
Number of Gasoline Units	5,406	5,799	+393
Number of Gallons Sold	1,879,110,571	2,112,975,731	+233,865,160
Percent of Total United States Highway Gallons Used	1.86%	2.12%	+.26%
Average Gallonage per Gasoline Unit per Day	986	1,040	+54
Gasoline as a Percent of Total Sales	30.8%	32.10%	+1.3%
Average Retail Price per Gallon	114.1¢	123.1¢	+9.0¢

GASOLINE MARKETING SURVEY

We have just published **"What Do the 25 Largest Oil Companies Have to Say About Gasoline Marketing in 1982?"** If you are in the gasoline business, you'll find this information pertinent and interesting. To order a copy, fill out the order form at the end of this report.

Electric Utility Costs

Utilities are a fixed cost for a given installation and do not vary with sales. Utility costs are very important to the profit and loss structure of small food stores. This year we've included some information about electricity costs in various parts of the country.

Since 1973, electric costs have risen faster than the rate of inflation. Utility costs are the third greatest operating expense in these stores, outranked only by salary and occupancy costs. Utility costs are much more volatile than the other two, because rates are set by public utility commissions and rate-setting is complex. There appears to be almost nothing the store operator can do to control price escalations in this area.

To begin a study of utility costs, we wrote the power company in the headquarters city of the eleven chains in the survey. We gave each of them the same specifications and asked that they compute the cost of an average kilowatt. The specifications were:

15,000 KWH (30 days @ 500 KWH usage per day)
50 KW billing demand

It's important to remember that each company and even each store within a company uses a different number of KWH per day. The type of building, age, maintenance, cleanliness of equipment, climatic differences, hours of operation, and discipline of personnel all make a difference in actual daily electric usage.

Utility company costs vary because of the price and source of power, approach and expenditure on nuclear development, utilization rate, capital expenditure rate and expectation of future demand, management and personnel efficiency, and amount of influence over the state public utility commissioners.

Electric utility rates are a complex issue. They should be studied closely by the companies in this industry because the costs of electricity can spell the difference between profit and loss for a particular store, concept, or company. It should be obvious from looking at the schedule of percentage cost of sales for electric power that significant power savings (as a percentage of sales) result from higher average daily sales.

ELECTRIC COST SCHEDULE FOR HEADQUARTER CITIES
Assuming 500 KWH per Day of Consumption and 50 KWH of Demand

City	Power Company	Companies Headquartered	Cost per KWH	Average Monthly Electric Bill	$DPD Cost of Electricity
1. Jacksonville, Florida	Jacksonville Electric Authority	Lil' Champ	7.9¢	$1,185	$39.50
2. Atlanta, Georgia	Georgia Power Authority	Munford	7.3	1,095	36.50
3. Tampa, Florida	Tampa Electric Company	Shop & Go	7.2	1,080	36.00
4. Tampa, Florida	Tampa Electric Company	Li'l General	7.2	1,080	36.00
5. Miami, Florida	Florida Power & Light	Mini Mart	6.7	1,005	33.50
6. Dallas, Texas	Dallas Power & Light	Seven-Eleven	6.4	960	32.00
7. Houston, Texas	Houston Lighting & Power	National Convenience	5.9	885	29.50
8. Panama City, Florida	Gulf Power Company	Sunshine Jr.	5.8	870	29.00
9. Phoenix, Arizona	Salt River Project	Circle K	5.8	870	29.00
10. Louisville, Kentucky	Louisville Gas & Electric	Conna	5.2	780	26.00
11. Hutchinson, Kansas	Kansas Power & Light	Dillon	4.4	660	22.00

The average 30 day electric bill for the above 11 chains using the same amount of power at the various rates shown would be $1,050 per month or $36.00 of electric cost per day. The average KWH cost is 7¢. The average cost of a kilowatt for Oakland, California, in December of 1981 was 9.3¢ per kilowatt. The rate has been lowered since that time to 7.9¢.

Each increase of 1¢ a KWH increases the dollars per day cost of store operations by $5.00. Unless sales are increased, it would thus reduce profits by $5.00 a day or $1,825 a year. If a chain paid 7.9¢ for all its electricity, its cost of operation over a chain paying 4.4¢ for all its kilowatts would be $17.50 a day higher. It would have a $6,387 higher yearly operating cost.

ELECTRIC UTILITY COSTS AS A PERCENT OF SALES COST
Assuming 500 KWH per Day at Varying Sales and KWH Costs

			Sales per Day							
KWH Used per Day	Cost per KW	Total Daily Electric Cost	$600	$700	$800	$900	$1,000	$1,100	$1,200	$1,500
500	12¢	$60	10.0%	8.6%	7.5%	6.7%	6.0%	5.5%	5.0%	4.0%
500	11	55	9.1	7.9	6.9	6.1	5.5	5.0	4.6	3.7
500	10	50	8.3	7.1	6.3	5.6	5.0	4.6	4.2	3.3
500	9	45	7.5	6.4	5.6	5.0	4.5	4.1	3.8	3.0
500	8	40	6.6	5.7	5.0	4.4	4.0	3.6	3.3	2.7
500	7	35	5.8	5.0	4.4	3.9	3.5	3.2	2.9	2.3
500	6	30	5.0	4.3	3.8	3.3	3.0	2.7	2.5	2.0
500	5	25	4.2	3.6	3.1	2.8	2.5	2.3	2.1	1.7
500	4	20	3.3	2.9	2.5	2.2	2.0	1.8	1.7	1.3

Kilowatt hour costs as a percent of sales are only 40% at $1,500 average sales of what they are at $600 in average daily sales.

In June, 1982, the highest cost per kilowatt hour in the United States was 15.04¢ in New York City. The lowest cost was 1.41¢ in Seattle, Washington, (commercial rate, assuming 10,000 KWH, 40 KW demand). Source: *Electric Power Monthly*, U.S. Department of Energy, June 1982. Assuming these rates and 500 KWH of daily usage, the average electric bill for a small food store would be $2,256 monthly in New York City and $211 in Seattle, Washington. At $600 a day in sales and a $75 a day electric cost, electricity would be 12½% of sales in New York City.

COMMON STOCK PRICE RANGE AS SHOWN IN ANNUAL REPORT

$DPD Profit Ranking	Company	High	Low	Closing Stock Price 10/29/82
1	Shop & Go	10-5/8	4-1/4	8-5/8
2	Circle K	17-1/2	8	15
3	Southland	35	20-1/2	42-3/8
4	National Convenience	17-7/8	11	18-1/2
5	Lil' Champ	13-1/4	12	23-1/2
6	Dillon	25-3/4	18-1/4	26-3/8
7	Li'l General	12-1/2	8-3/8	17-1/2
8	Mini Mart	1-3/4	1-1/4	1-1/4
9	Sunshine Jr.	8	6	7-3/4
10	Conna	14-1/2	9-3/4	10-1/4
11	Munford	11-7/8	5-1/2	15

STOCK VALUATION SCHEDULE

$DPD Profit Ranking	Company	Book Value End of Year Covered in Report	Stock Outstanding as of Record Date	Where Listed	Stock Price Close 10-29-82	Market Value of Stock 10-29-82	Times Earning
1	Shop & Go	$ 27,183,093	6,731,593	NASDOQ	8-5/8	$ 58,025,530	11
2	Circle K	61,348,000	11,103,438	AMEX	15	92,022,000	—
3	Southland	615,021,000	23,689,508	NY	42-3/8	1,002,044,700	10
4	National Convenience	60,363,000	7,944,668	NY	18-1/2	146,975,100	14
5	Lil' Champ	9,830,000	775,709	NASDOQ	23-1/2	18,228,950	12
6	Dillon	208,560,140	18,329,149	NY	26-3/8	482,055,330	10
7	Li'l General	77,520,000	4,682,054	NY	17-1/2	81,935,875	8
8	Mini Mart	5,092,094	1,831,554	Not Listed	1-1/4*	2,289,437	3
9	Sunshine Jr.	15,922,435	1,701,650	AMEX	7-3/4	13,187,400	7
10	Conna	12,215,000	1,126,383	NASDOQ	10-1/4	11,544,575	14
11	Munford	39,295,000	Common 2,215,769 Preferred 767,788	NY	Common 15 Preferred 8-7/8	Common 33,236,535 Preferred 6,810,208	5
Totals		$1,132,349,762				$1,948,355,640	

*Not quoted–last quote shown by company.

RETURN ON AVERAGE SHAREHOLDER'S EQUITY

$DPD Profit Ranking	Company	Return on Shareholder's Equity
1	Shop & Go	25.47%
2	Circle K	–8.74
3*	Southland	16.24
4	National Convenience	22.68
5	Lil' Champ	16.86
6*	Dillon	26.10
7	Li'l General	19.73
8	Mini Mart	13.56
9	Sunshine Jr.	13.03
10*	Conna	13.97
11	Munford	15.47

EARNINGS AND CASH DIVIDENDS PAID PER SHARE DURING YEAR

$DPD Profit Ranking	Company	Dividends Paid Common Stock	Earnings	Dividends to Earnings Ratio
1	Shop & Go	.16	.93	17%
2	Circle K	.725	–1.40	——
3	Southland	1.08	3.98	27%
4	National Convenience	.60	1.62	37%
5	Lil' Champ	.35	2.00	18%
6	Dillon	1.20	2.76	43%
7	Li'l General	.45	2.95	15%
8	Mini Mart	.07	.36	19%
9	Sunshine Jr.	.44	1.17	38%
10	Conna	.47	1.45	32%
11	Munford	.20	2.14	9%

INVENTORY ACCOUNTING METHOD USED

$DPD Profit Ranking	Company	LIFO	FIFO
1	Shop & Go	X	
2	Circle K	X	
3	Southland	X	
4	National Convenience		X
5	Lil' Champ	X*	
6	Dillon	X	
7	Li'l General		X
8	Mini Mart	X	
9	Sunshine Jr.	X	
10	Conna		X
11	Munford		X

Mini Mart converted to LIFO this year.

*Lil' Champ uses FIFO for gasoline inventories.

ANALYSIS OF STOCK HOLDINGS BY STOCKHOLDERS AND DIRECTORS
as Stated in the Company's Proxy Statement

$DPD Profit Ranking	Company	Approximate Number of Shareholders	Stock Outstanding Record Date	Number of Shares Held by Largest Stockholder in Proxy	Percent of Ownership	Number of Shares Held by Second Largest Stockholder in Proxy	Percent of Ownership	Number of Shares Held by Directors as a Group	Percent of Ownership by Officers & Directors as a Group
1	Shop & Go	949	6,731,593	1,895,348	28%	1,783,996	27%	3,613,997	55%
2	Circle K	4,500	11,103,438	2,696,816	24	2,268,360	20	437,376	4
3	Southland	7,817	23,689,508	3,359,358	14	2,355,933	10	4,685,395	20
4	National Convenience	1,399	7,944,668	1,871,773	24	459,920	6	895,825	11
5	Lil' Champ	407	775,709	271,786	35	237,183	31	307,237	40
6	Dillon	11,825	18,329,149	708,902	4	569,251	3	4,091,421	22
7	Li'l General	4,400	4,682,054	577,620	12	319,756	7	980,146	21
8	Mini Mart	472	1,831,554	853,970	47	30,000	2	918,510	50
9	Sunshine Jr.	667	1,701,650	926,931	54	63,227	4	1,037,140	61
10	Conna	N/A	1,126,383	138,614	12	85,119	8	436,884	39
11	Munford	4,011[1]	2,215,769	164,784	7	—	—	221,882	10
		1,534[2]	767,788	71,490	9	—	—	77,527	10

1. Common shares.
2. Preferred shares.

SALARY SCHEDULE OF TWO HIGHEST-PAID EXECUTIVES AND OF BOARD OF DIRECTORS

$DPD Profit Ranking	Company	Highest Paid Executive	$DPD Cost per Store	Second Highest Paid Executive	$DPD Cost per Store	Officers & Directors as a Group	$DPD Cost per Store	Number Included as Officers & Directors
1	Shop & Go	$ 147,810	$1.00	$ 104,108	$ .70	$ 550,961	$3.74	8
2	Circle K	160,866	.36	125,900	.28	689,677	1.56	20
3	Southland	473,319	.19	468,319	.18	4,723,054	1.86	33
4	National Convenience	392,373	1.23	184,631	.57	1,125,544	3.52	12
5	Lil' Champ	72,000	1.27	60,417	1.07	305,386	5.41	14
6	Dilion	302,400	2.04	257,600	2.02	2,607,857	20.46	27
7	Li'l General	400,555	2.39	209,187	1.25	1,764,520	10.54	18
8	Mini Mart	195,077	4.73	—	—	257,727	6.24	5
9	Sunshine Jr.	126,000	.97	84,082	.65	454,915	3.52	10
10	Conna	113,989	.74	109,312	.71	874,261	5.65	14
11	Munford	181,884	.47	106,628	.28	604,057	1.57	13
Totals		$2,566,273	$ .57	$1,710,184	$ .38	13,957,959	$3.10	174
Increase Over Last Year		$+ 198,508		$+ 55,226		$+ 830,170		
Average This Year		$ 233,297		$ 171,018		$1,268,905		
Average Last Year		$ 202,456		$ 154,913		$1,112,276		

INDUSTRY LEADERS IN ELEVEN PUBLICLY-OWNED COMPANIES

Based on Information from Proxy Statements

Qualification as an Industry Leader Based on Position, Salary, or Stock Ownership

$DPD Profit Ranking	Company	Name	Age	Position	Salary	Difference from Last Year	Percent of Ownership	Cash Dividends on Stock Ownership
1	Shop & Go	Robert A. Jaeb	71	Chairman & CEO	$147,810	$+30,350	28%	$ 303,255
		Lorena Jaeb	62	Executive VP, Treasurer	104,108	+21,028	27	285,439
2	Circle K	Fred Hervey	73	Chairman & CEO	160,866	+34,966	24	1,955,180
		Robert Hutchinson	58	President & COO	125,900	−12,500	—	1,900
3	Southland	John P. Thompson	56	Chairman & CEO	473,319	+44,144	14	3,627,720
		Jere W. Thompson	50	President	468,319	+44,144	10	2,543,400
4	National Convenience	V. H. Van Horn	44	President & CEO	392,373	+30,050	1	68,545
		Carl H. Lindner	61	Chairman, American Financial	—	—	24	1,123,062
5	Lil' Champ	Julian E. Jackson	67	Chairman & CEO	72,000	+7,400	31	83,000
6	Dillon	Richard W. Dillon	55	President	257,600	+27,600	3	592,002
7	Li'l General	Harris J. Ashton	49	Chairman & CEO	400,555	+24,900	7	143,890
8	Mini Mart	Jack Fineberg	65	President	195,077	+7,928	47	59,777
9	Sunshine Jr.	Leona J. Lewis	73	Director	—	—	54	407,849
10	Conna	Joe P. Peden	52	President	109,312	−15,172	12	65,148
11	Munford	Dillard Munford	63	Chairman & CEO	181,884	−15,835	8	61,552

Average age: 59.93 years.

Average age for previous year: 57.31 years.

Explanation of the Survey

The Dollars Per Day Survey reduces operating figures to a common denominator. This denominator is operating store days. After the number of operating store days is computed, it is then divided into other operating figures such as sales, expenses, and pretax and after tax profit. Companies are ranked in the survey to show relative performance between the chains.

How Are Operating Store Days Figured?

Since the actual dates of new store openings are not known, all stores opened within the operating year were computed at the ½ rate. Beginning with the Twelfth Survey, store closings were also computed on a ½-year basis.

What Do You Do Next?

Store days are then divided into other operating figures shown in the annual reports to reduce these figures to a dollars per day basis. Any operating figure can be divided by store days to show its average dollars per store per day.

What Does This Show?

When compared by company, dollars per day show the relative dollar value of the items compared. In this survey, sales, pretax and after tax profits are computed and then compared. The growth rates of these indices are also shown and compared.

What Is the Primary Purpose of the Survey?

To show and compare pretax dollars of profit of the leading chains in the survey. To create an awareness of the profitability of the convenience store industry and to point out areas where operators can increase the profitability of their chains.

Where Are the Figures Obtained?

All data is obtained from the audited annual reports of the companies and/or 10K reports filed with the Securities and Exchange Commission. The survey uses the figures given by the chains. It does not make allowances for variations in accounting practices between the chains. Where assumptions have been made, they are clearly indicated in the computation sheet for the individual company.

Compute Your Own Dollars per Day

You can compute dollars per day for your company and compare them with the leading companies in the industry.

You will need these figures:

Number of stores you operated at the beginning of your last year

Number of stores you added during the year

Total sales

Total pretax profit

Total after tax profit

Here's how to compute your dollars per day:

1. Compute store days as follows: Store days of stores open all year (365 x stores open at beginning of the year = A)

   Store days of new stores figured for ½ year only (182 x number of new stores opened during year = B)

   Total Operating Store Days = A + B
2. Divide total store days into sales to get sales per store per day
3. Divide total store days into pretax profit to get pretax profit per store per day
4. Divide total store days into after tax profit to get after tax profit per store per day
5. Rank your results along with the chains in the survey
6. Consider what steps you should take to increase your dollars of pretax profit per store per day

You may also want to use this method to compare other operating figures for your company. These statistics will be useful in comparing the current year with previous years and for comparing one store or division against another. The method reduces large, unwieldly figures to a common basis that can be easily compared with other figures. If you have any questions about this method, please contact the Dollars per Day Survey for assistance.

Additional Information on the Chains from Their Annual Reports

We have included some additional information from the annual reports for the eleven chains in the survey. In the following pages are copies of each president's letter to stockholders and management's discussion and analysis of operations and financial condition for the year.

Historical Summary: Shop & Go, Inc.

Data Taken from the Annual Report
and 10K for the Year Ended 4/1/82

Inventory Accounting: LIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
	3/31/71	3/31/72	3/31/73	3/31/74	3/31/75	3/31/76	3/31/77	3/30/78	3/29/79	4/3/80	4/2/81	4/1/82
Number of Stores		121	134	170	235	285	342	371	379	381	412	405
Store Growth in Year			13	36	65	50	57	29	8	2	31	–7
Store Days			48,910	55,498	74,860	95,160	114,456	129,766	136,500	140,609	144,326	147,420
Sales per Day			$532	$647	$667	$639	$613	$637	$687	$771	$848	$913
Sales Growth $DPD				$+115	$+20	$–28	$–26	$+24	$+50	$+84	$+77	$+65
Pretax Profit $DPD			$38.46	$50.26	$36.31	$32.94	$27.04	$32.24	$43.70	$60.70	$64.76	$78.81
After Tax Profit $DPD			$19.12	$25.59	$19.19	$17.34	$14.46	$17.50	$22.62	$31.83	$34.32	$42.40
Store Closures				2	2		5	9	19	9	12	21
Gasoline Units				59	69	118	192	225	225	225	265	268
$DPD Ranking			Not Included	1/13	2/13	1/13	4/13	6/13	2/13	2/13	1/12	1/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 405 Shop & Go stores on May 1, 1982, 367 of which are in Central Florida and 38 are in Georgia.

1. The annual report states that total convenience stores merchandise sales were $134,659,000.
2. Store Days:
   Store days of stores open year-round: 405 x 364 = 147,420
   Total store days: 147,420
3. Sales per Store per Day:
   Sales of $134,659,000 divided by 147,420 store days equals average sales of $913 per store per day.
4. Pretax Profits:
   Pretax profits of $11,619,000 have been divided by store days of 147,420 to arrive at a pretax profit of $78.81.
5. After Tax Profit:
   After tax profits of $6,251,285 have been divided by store days of 147,420 to arrive at an after tax profit of $42.40.
6. New Stores Planned:
   15-20 new stores in fiscal 1983.
7. Gasoline not included in sales.
8. Video Commission of $1,313,276 equals $8.90 per day.

Management's Discussion And Analysis Of Financial Condition And Results Of Operations

Liquidity And Capital Resources

Liquidity:

Working capital (current assets less current liabilities) and current ratio (current assets divided by current liabilities) for the three fiscal years ended April 1, 1982 were:

	1982	1981	1980
Working Capital	$(3,636,000)	$(102,000)	$972,000
Current Ratio	.74	.99	1.10

Fiscal 1982's working capital was impacted by the gasoline transaction described below under "Capital Resources" and other factors.

Current assets increased $546,868, as a result of an increase of $1,765,248 in inventories, largely arising from an increase in gasoline inventories, along with increases in receivables and prepaid expenses of $159,239 and $141,605, respectively, partially offset by a decrease in cash, including temporary cash investments, of $1,519,224. Current liabilities increased $4,080,964, primarily due to increases in long-term debt due within one year of $2,468,210, accounts payable of $226,945, accrued liabilities of $1,090,285 and other current liabilities of $299,784. Borrowings of $2,500,000 outstanding at April 1, 1982 under the revolving credit note, otherwise due on April 30, 1984, were classified as long-term debt due within one year since such borrowings were repaid during April and May 1982. Increases in Federal and State income taxes payable of $625,162 and gasoline taxes payable of $407,315 contributed to the increase in accrued liabilities.

In fiscal 1981, current assets decreased $440,000, primarily as a result of a decrease in cash. Current liabilities increased $634,000, as a result of an increase of $1,521,000 in trade accounts payable, offset by a decrease in the current portion of long-term debt due within one year of $564,000 and a net decrease in all other current liabilities of $323,000.

Capital Resources:

The Company's operations generated working capital of $9,838,478 in fiscal 1982, $7,287,000 in 1981 and $6,624,000 in fiscal 1980. In fiscal 1982, funds were generated from operations, through the issuance of long-term debt and from the sale of certain stores which had operated below acceptable levels. These funds were used primarily for property additions, including the purchase from the Company's principal gasoline supplier, the gasoline inventory and equipment used by the supplier in the sale of gasoline at 221 of the Company's stores for which the Company received commissions based on the amount and profitability of such sales. In fiscal 1981, working capital from operations and the issuance of additional long-term debt were used in connection with the purchase of additional store sites, which included the acquisition of a 25 store chain in the Savannah, Georgia area. In fiscal 1980, such funds were used primarily to reduce long-term debt and provide for an increase in property additions.

Shop & Go intends to continue its expansion program, and is planning on the addition of approximately 15 to 20 new convenience stores in fiscal 1983. The cost of acquiring the sites for and building and stocking these stores is anticipated to be funded from working capital provided by operations and long-term borrowings applicable to specific store sites.

Generally, in each of the last three fiscal

(continued)

Management's Discussion (continued)

years, cash flow from operations has been sufficient to meet working capital requirements. As a result of this high degree of liquidity, the Company has not found it necessary to obtain significant amounts of funds from external sources, except for long-term borrowings relating to specific store locations and, during fiscal 1981, the acquisition of a 25 store chain in Georgia, and during fiscal 1982, the foregoing purchase of gasoline inventory and equipment.

The Company currently has a revolving credit arrangement with maximum borrowing availability of $6,000,000 of which $3,500,000 was unused at April 1, 1982.

Results Of Operations

Comparison of Fiscal 1982 to Fiscal 1981:

Net sales increased $45,448,514, or 37.1%, in fiscal 1982 as compared to fiscal 1981. Approximately $35,100,000 of the increase was due to gasoline sales as a result of the gasoline transaction discussed above. The remainder of the increase was due to an increase in average per store sales, which was primarily attributable to increases in the prices of items sold at the Company's stores, rather than an increase in the total number of items sold at such stores. The Company operated 412 stores at April 2, 1981, and 405 stores at April 1, 1982.

Rentals based on gasoline sales decreased from $1,956,933 in fiscal 1981 to $919,979 in fiscal 1982 due principally to the gasoline transaction discussed above.

Commissions from video games installed in most of the Company's stores was the principal reason other income increased from $519,526 in fiscal 1981 to $1,927,875 in fiscal 1982, an increase of $1,408,349. Third parties own and operate the video games for which the Company receives approximately 50% of the gross receipts from the games as commission. Such commissions totaled $1,313,276 in fiscal 1982 as compared to $16,636 in fiscal 1981. In addition to video game commissions, other income consists primarily of interest income resulting from the placing of available funds in interest-earning temporary cash investments, rental income from miscellaneous property located adjacent to stores and non-recurring sales of fixed assets.

Cost of goods sold increased 45.9% in fiscal 1982 as compared to fiscal 1981, thereby exceeding the 37.1% increase in net sales. Although the gross profit percentage (net sales minus cost of goods sold as a percentage of sales) on convenience store sales improved from 34.0% in fiscal 1981 to 35.2% in fiscal 1982, due to more efficient pricing policies, fiscal 1982's overall gross profit percentage was reduced due to the gasoline sales on which a gross profit percentage of 9.3% was earned.

During fiscal 1982, total operating, general and administrative expenses increased $5,285,808 primarily due to increases in payroll, utility costs and other costs due to inflation, although such increase was at a lower rate than the increase in total revenues.

Depreciation and amortization expense increased 33.0% in fiscal 1982 as compared to fiscal 1981 primarily as a result of additions of fixed assets including the purchase of the gasoline pumping and distribution equipment discussed above.

(continued)

To Our Stockholders

Record financial results were achieved for the fiscal year ended April 1, 1982, notwithstanding the uncertainty in the economic environment which prevailed throughout the year. Net earnings increased 26% to $6,251,000, or $.93 a share, while revenues increased 37% to $170,717,000.

In July 1981, the Company and its newly formed wholly-owned subsidiary, Gem Petroleum, Inc. purchased from the Company's major gasoline supplier, Key Energy Enterprises, Inc., the pumping equipment, inventory and rolling stock that were used in the distribution and sale of gasoline at 221 of the Company's stores. This acquisition gives the Company full control of the pricing, purchasing and distribution of the gasoline at those stores. Management of Shop & Go believes that both gasoline sales and convenience store sales have been enhanced by the competitive pricing of gasoline made possible through this acquisition.

In late 1981, the production of ice was commenced upon the completion of the construction of an ice plant. The plant has the capacity to produce and distribute approximately 1,500,000 bags of ice a year to the Company's stores.

During the year, an emphasis was placed on a site selection process which limits new locations to those which have the potential for above average convenience store sales and gasoline sales. Our attention was also directed toward the closing of unprofitable stores. As a result, 15 stores were opened and 21 stores were closed during the year, resulting in 405 stores being in operation at April 1, 1982.

During the coming year, management plans to continue to apply the selective criteria for new store locations. We are projecting that 15 to 20 new stores will open during fiscal 1983. We also plan to upgrade existing gasoline installations and to complete the remodeling of the fast food areas in our stores, including the evaluation of our fast food equipment.

In recognition of the fact that our employees are our most valuable asset, we plan to accelerate our employee training program in order to achieve excellence in supervision unequalled in our industry.

Robert A Jaeb

Robert A. Jaeb
Chairman of the Board
President

Lorena Jaeb

Lorena Jaeb
Executive Vice President
Treasurer

Historical Summary: Circle K

Data Taken from the Annual Report
for the Year Ended 4/30/82

Inventory Accounting: LIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
	4/30/71	4/30/72	4/30/73	4/30/74	4/30/75	4/30/76	4/30/77	4/30/78	4/30/79	4/30/80	4/30/81	4/30/82
CIRCLE K **El Paso, Texas**												
Number of Stores	536	678	826	947	1,024	1,049	1,070	1,105	1,158	1,200	1,194	1,211
Store Growth in Year	113	142	148	121	77	25	21	35	53	42	–6	17
Store Days	175,074	221,626	274,554	323,633	359,746	379,359	386,728	396,920	412,971	431,514	435,810	442,015
Sales per Day	$535	$582	$588	$592	$634	$598	$634	$714	$799*	$883	$957	$1,003
Sales Growth $DPD	$+28	$+47	$+6	$+4	$+42	—	$+36	$+80	$+25	$+84	$+74	$+46
Pretax Profit $DPD	$33.39	$33.09	$31.35	$27.59	$25.15	$24.99	$33.39	$38.82	$47.53	$73.47	$61.33	$60.75
After Tax Profit $DPD	$16.54	$17.72	$16.41	$14.68	$13.11	$13.50	$17.87	$20.63	$25.85	$39.28	$32.95	$33.41
Store Closures	3	6	12	21	12	24	24	12	24	22	28	8
Gasoline Units			437	510	516	548	601	642	681	726	753	780
$DPD Ranking	1/10	1/10	1/10	3/13	7/13	6/13	1/13	2/13	1/13	1/13	2/12	2/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 1,211 Circle K stores on April 30,1982 in 12 states.

1. Food Store Sales were $443,400,000.
2. Store Days:

Store days of stores open year-round:	1,194 x 365 =	435,810
Store days for new stores figured for ½ year only	17 x 365 =	6,205
Total Store Days		442,015

3. Sales per Store per Day:
   Sales of $443,400,000 divided by 442,015 store days equals averages sales of $1,003 per store per day for the year. Store sales do not include gasoline units.
4. Pretax Profit:
   We have eliminated the Nucorp loss in making the $DPD computations for Circle K. We have also eliminated the gain on sale of the NCS stock. Without these, pretax income for Circle K is $26,853,000. Pretax profits of $26,853,000 have been divided by store days of 442,015 to arrive at a pretax profit of $60.75 per store per day.
5. After Tax Profit:
   We have assumed after taxes would be 55% of pretax profit. After tax profits of $14,769,150 have been divided by store days of 442,015 to arrive at an after tax profit of $33.41 per store per day.
6. New Stores Planned: 25 new stores.
7. 727 stores or 60% open 24 hours a day.
8. 150 stores are operated by contract operators and the sales are included.
9. Video Income: $3,041,000 equals $6.88 per store per day.

To Our Shareholders

Let us begin this report with an update of our involvement with Nucorp Energy, Inc., a San Diego, California headquartered company engaged in oil and gas exploration, development and production and in the manufacture and sale of oil field tubular goods and other equipment and services used in the drilling and production of oil and gas. Because of the increasing importance of gasoline to sales and earnings, and the supply disruptions experienced in the 1970's, we decided in September 1980 to attempt to ensure ourselves with a stable supply source through oil and gas exploration.

Nucorp was selected to be the vehicle to provide the protection for which we were looking and, in September 1980, approximately 13 percent of Nucorp stock then outstanding was purchased for $23.5 million. Financing was arranged by a bank loan at the prime interest rate plus 3/4 percent with the Mercantile Bank of Dallas, Texas. Simultaneously, Circle K entered into an eight-year agreement with Nucorp to invest in and acquire a 10 percent working interest partnership in all future Nucorp explorations and development activities. The decision was also made to account for this investment by the equity method.

Shortly after our involvement, Nucorp, as part of its expansion, acquired 18 companies involved with oil field manufacturing, supply, and services. Of these 18 companies, 17 were accounted for as purchases, and accordingly, the results of their operations were included in Nucorp's financial statements from the date of the respective acquisitions and thence to Circle K's financial statements because of equity accounting.

Nucorp's revenues and earnings increased dramatically through the third quarter of 1981, ended September 30. At that time, net income was reported as being $15.5 million (83 cents per share), compared to $4.6 million (37 cents per share) for the first nine months of 1980.

Fred Hervey, Chairman of the Board (left), and Robert E. Hutchinson, President.

However, a review of information released by Nucorp indicates that commencing in the fourth quarter of 1981 and continuing through the second quarter of 1982 Nucorp experienced an oversupply of tubular goods caused by competition from foreign imports and excess forward commitments by Nucorp Supply to purchase tubular goods. These problems were further aggravated by the following: (1) a reduction in tubular goods inventories by oil companies, (2) a decline of approximately thirty percent in active drilling rigs, and (3) the sale of Nucorp inventory of tubular goods at prices below cost to reduce the excess supply and generate cash to aid a growing liquidity problem. In addition, depreciation, depletion, and amortization expenses increased substantially and interest costs rose from $5.6 million to $21.5 million.

In light of the above, and the resulting substantial losses reported by Nucorp for the fourth quarter of 1981 and the first quarter of 1982, we felt it necessary to reduce Circle K's exposure to possible further losses by Nucorp.

In March 1982, the Board of Directors announced a change in the accounting for Circle K's Nucorp investment from the equity to investment method. As a result of this change, our investment was reduced to Nucorp's book value as of December 31, 1981, and the effect was a reduction of $19.3 million, or $1.74 per share in our net income. Moreover, our Nucorp shares will be treated as an investment only in the future, and Nucorp earnings will have no direct effect on our earnings.

In April 1982, the end of our fiscal year, the Board of Directors, because of continuing substantial losses by Nucorp, and severe liquidity problems, voted to further reduce Circle K's investment in Nucorp to market value as of April 30, 1982. This action, plus a loss of $1.803 million in equity earnings, resulted in a total writedown for the year of $31.862 million.

As a result of the writedown of our Nucorp investment, we are reporting a loss of $15.278 million, or $1.48 per share for the fiscal year ended April 30, 1982.

In February 1982, we consummated certain agreements entered into with Nucorp and certain of its subsidiaries in November 1981. All interest in drill sites, leases and related rights and assets acquired from Nucorp by Circle K, valued by Circle K in November 1981 at approximately $7.8 million, were sold back to Nucorp for 376,000 newly-issued shares of Nucorp's common stock, and we waived our right to participate in Nucorp's exploration and development program prior to January 1, 1983. We also acquired an option to purchase, at posted prices, up to all the crude oil produced from Nucorp's interest in oil wells operated by Nucorp as of each exercise date (to the extent available to Nucorp) for a period from the date of exercise through December 1988. To date we have made no purchases of crude oil from Nucorp under the option. Finally, we cancelled a stock option agreement with Nucorp, whereby we would have purchased an additional 150,000 newly-issued shares of Nucorp common stock for an aggregate purchase price of $3 million, and we also relinquished our right to assign any of our rights under the exploration and development agreement with Nucorp entered into in September 1980.

Circle K presently holds 2,227,000 shares of Nucorp valued at $3.9 million. It is hoped that Nucorp's financial problems can be resolved and long term solutions be found to reduce its debt and increase its potential for future profits.

Sales and earnings from Circle K Convenience Stores continued to grow in spite of the economic slowdown and a reduction in the rate of inflation. Net earnings from convenience store operations for the year ended April 30, 1982 were $18,365,000, or $1.78 per share on a sales gain of 12.7 percent to $726,429,000. For Fiscal 1981, net earnings were $15,268,000, or $1.55 per share on sales of $644,329,000.

These results were achieved from increased merchandise and gasoline sales, the addition of 25 new stores, the closing of 8 marginal stores, and extensive remodeling of existing profitable stores.

To accomplish this growth, capital expenditures were increased 18 percent to $15.6 million, up from $13.1 million last year. Much of these capital expenditures were used for the installation of fast food and beverage centers, internal and external remodeling of older profitable stores, and the upgrading of gasoline facilities from old mechanical to new electronic equipment. Capital expenditures will be increased again this year to approximately $20 million as we accelerate the installations of fast food centers and continue to remodel existing stores.

During the year we completed the purchase of a 36,000 square foot building in Phoenix to house our new expanded commissary and liquor departments. We now produce 7,000 sandwiches daily. The new installation will increase our production capacity to 25,000 sandwiches daily, and provide a quick freeze capability which will enable us to distribute sandwiches to all Circle K stores in our twelve state marketing area.

Circle K spent $2.9 million on advertising and in-store promotions in Fiscal 1982. Radio, television, newspaper, and billboards were utilized to enhance the effectiveness of the advertising expenditures. Emphasis was placed on fast foods and seasonal promotions with excellent results. During the current year, the budget for advertising has been increased to $4 million, approximately one half of one percent of anticipated sales. Advertising programs will be centered around our theme, "Circle K Convenience Stores ... When you've just got to have it."

To take advantage of the many opportunities that exist in our Sunbelt marketing area, we will increase our emphasis on the opening of new stores. We are actively seeking new prime locations in our operating areas. In addition, we will take advantage of acquisition opportunities when they fit our operational plan. In December 1981 we completed the acquisition of 16 stores in the Seattle Washington region and in July 1982 we purchased an additional five stores in the same area. These purchases improved our position significantly in the growing Northwest and fit very nicely into our Spokane Washington and Salem/Portland Oregon operations.

We plan to add 25 stores in Fiscal 1983 and to increase openings each year to approximately 6 percent of the total. To develop the number of stores to meet our goals we have established a total of $60 million in lines of credit with various banks. These credit lines will be used primarily to finance the purchase of locations and the construction of new stores. After completion, the developed properties will be financed through our normal sale/leaseback procedures or other suitable financial programs.

An agreement has been signed with a group consisting of four of the largest savings and loans in Arizona and two banks to install automatic teller machines in Circle K Convenience Stores. These ATM's will increase customer traffic and provide normal banking facilities for a large number of present and new Circle K customers. Check cashing, deposits, payment of bills and other normal banking transactions will add to the many services now available in our stores. The first 25 ATM's are scheduled to be in operation by November 1982, and plans to steadily increase the number of ATM's to all Circle K's in Arizona are under way.

The Circle K concept has been well received in Japan and our licensee, UNY Co., Ltd. of Nagoya, Japan is proceeding on schedule and has opened 44 stores as of July 31, 1982. We are pleased with the progress and expect to reach 100 stores by April 1983.

In August 1981 the annual cash dividend was raised to .74 cents per share, the fourteenth raise in the last 10 years, providing stockholders with a compounded annual growth of 20.8 percent.

Our policy has been to maintain a payout rate of 25 to 50 percent of prior year's earnings and we do not intend to change this policy.

While economic conditions remain uncertain, Circle K is confident that our solid foundation provides the strength to continue our historic sales and earnings record. The remainder of this report will provide you with further information on what has and will be done in the future to sustain our growth.

Sincerely,

Fred Hervey

FRED HERVEY
CHAIRMAN OF THE BOARD

Robert E. Hutchinson

ROBERT E. HUTCHINSON
PRESIDENT

Financial Highlights

The Circle K Corporation for the year ended April 30

	1982	1981
Sales[1]	**$726,793,000**	$644,457,000
Earnings before income taxes	**(2,549,000)**	26,730,000
Income taxes	**12,729,000**	12,367,000
Net earnings	**(15,278,000)**	14,363,000
Earnings per share	**(1.48)**	1.46
Dividends per share	**.73**	.68
Current Assets	**65,862,000**	68,527,000
Current Liabilities	**42,478,000**	50,764,000
Net working capital	**23,384,000**	17,763,000
Stockholders' equity	**61,348,000**	70,359,000
Number of stores in operation	**1,211**	1,194

[1] *Includes contract operated stores*

Excerpt from the Annual Report of Circle K

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Sales reached an all time high of $726,793,000 in fiscal 1982. This was a 12.78% increase over 1981 sales of $644,457,000, which was a 20.89% increase over 1980 sales of $533,103,000. In 1982, sales, excluding gasoline, increased 6.25% to $443.4 million which followed an increase of 9.47% in 1981 over the previous year. Gasoline is the largest single product category in the product mix, accounting for 39.0% of total sales in 1982, 35.2% in 1981, and 28.4% in 1980. Gasoline sales and gallons sold for the three year period were as follows:

	1982	**% Increase**	1981	% Increase	1980	% Increase
Sales (millions)	**$283.4**	**24.8**	$227.1	49.5	$151.9	40.1
Gallons (millions)	**230.7**	**19.8**	192.5	24.8	154.2	(1.1)
Number of stores	**768**		741		726	

In 1980, higher retail prices accounted for the increased sales, and gallonage was down slightly because of a nationwide supply shortage early in the year. In 1981, retail prices continued upward; the supply of product also improved intensifying competition in the marketplace. In 1982, retail prices fell due to an oversupply of product, causing even greater competition than the previous year.

Gross profit as a percentage of sales (including LIFO adjustments) was 23.19% in 1982, 24.24% in 1981, and 27.76% in 1980. Because of the LIFO change in 1981, the 1982 and 1981 gross profits are not comparable with that of 1980. The steady decline in margins is directly attributable to the increase in gasoline sales and the decrease in gasoline gross profit, which was caused by the oversupply of product and intense competition in the marketplace. In 1980, gross profit per gallon ranged from a high of 14.2 cents to a low of 11.1 cents compared to a range of 12.4 cents to 6.5 cents in 1981 and between 8.9 cents to 4.7 cents in 1982. Gross profits excluding gasoline are much more predictable and were 32.17% prior to LIFO adjustments in 1982 compared to 31.91% in 1981 and 31.96% in 1980.

The substantial increase in other income in 1982 resulted primarily from video games income (from video game machines first installed in May 1981) of $3,041,000 for the year and commissions on the sale of Arizona state lottery tickets (begun in July 1981) of $1,236,000.

During the fourth quarter of the 1982 fiscal year the Company changed its method of accounting for its shares of Nucorp Energy, Inc. from the equity to the cost method, and the carrying value of the investment was reduced to market value as of April 30, 1982. The total amount of the writedown was $30,059,000, leaving the current investment amount at $3,897,000. The Company's equity share of the Nucorp losses prior to the accounting change was $1,803,000 for 1982, compared to earnings of $567,000 for 1981. (On July 27, 1982 Nucorp filed for reorganization under Chapter 11 of the Federal bankruptcy laws.)

Liquidity and Capital Resources

Although its plans are subject to change, the Company presently expects to expand its convenience store operations during fiscal year 1983 and to construct approximately 48 stores and close approximately 23 stores for a net increase of approximately 25 stores. For fiscal year 1983, the Company expects to spend approximately $12,000,000 for land, buildings and equipment for new store construction and approximately $8,000,000 for existing store equipment and remodeling. The Company will finance these expenditures with internally generated funds and bank borrowings. For the past several years, it has been the Company's practice, upon completion of new stores, to enter into sale and leaseback financing transactions to repay the cost of construction,and the Company expects to enter-into similar sale and leaseback transactions with respect to stores constructed during 1983.

At June 30, 1982 the Company had $60,000,000 available in unsecured lines of credit and similar agreements with interest rates approximating prime, as determined by the participating lending institutions at the time of borrowing. At April 30, 1982, $6,000,000 had been drawn against the lines but has since been repaid. The Company considers its internally generated cash flow sufficient to meet the normal working capital requirements of its operations.

The Company reduced its long term debt (excluding obligations under capital leases) from $35,553,000 in 1981 to $29,465,000 in 1982. The current ratios for 1982, 1981 and 1980 were 1.52, 1.35 and 1.47 respectively.

Historical Summary: Southland

Data Taken from the Annual Report
and 10K for the Year Ended 12/31/81

Inventory Accounting: LIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
	12/31/70	12/31/71	12/31/72	12/31/73	12/31/74	12/31/75	12/31/76	12/31/77	12/31/78	12/31/79	12/31/80	12/31/81
SOUTHLAND CORPORATION **Dallas, Texas**												
Number of Stores	3,734	4,114	4,455	4,801	5,171	5,579	5,953	6,357	6,599	6,805	6,895	7,002
Store Growth in Year	197	380	341	346	370	408	374	404	242	206	90	107
Store Days	1,327,056	1,432,450	1,564,013	1,689,393	1,820,075	1,962,079	2,110,356	2,246,373	2,364,349	2,446,127	2,507,100	2,535,749
Sales per Day	$564	$598	$624	$653	$708	$731	$813*	$841	$950	$1,087	$1,219	$1,394
Sales Growth $DPD		$+34	$+26	$+29	$+55	$+23	$+82	$+28	$+109	$+137	$+132	$+175
Pretax Profit $DPD	$17.15	$19.35	$20.38	$20.64	$25.45	$30.04	$32.19	$35.71	$40.79	$38.42	$46.44	$60.67
After Tax Profit $DPD	$8.50	$9.97	$11.09	$10.47	$12.64	$14.99	$16.09	$18.00	$20.66	$28.13	$27.05	$34.17
Store Closures	139		83	80	142	158	154	254	308	460	281	267
Gasoline Units	75	149	356	463	502	721	1,235	1,573	1,857	2,107	2,246	2,517
$DPD Ranking	3/10	4/10	4/10	6/13	6/13	3/13	3/13	3/13	4/13	7/13	4/12	3/11

*Includes gasoline sales.

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 7,002 7-Eleven stores on December 31, 1980 in 42 states, the District of Columbia, and Canada, of which 4,219 were company-operated stores and 2,783 were franchise stores.

1. The annual report states that 7-Eleven store sales were $4,730,000,000. It states that 25.3% of 7-Eleven store sales are from gasoline sales. Thus, we have subtracted gasoline sales of $1,195,400 to arrive at in-store sales of $3,534,600,000.
2. Store Days:
   Store days of stores open year-round 6,895 x 365 = 2,516,675
   Store days for new stores figured for ½ year only 107 x 182 = 19,074
   Total Store Days 2,535 749
3. Sales per Store per Day:
   Sales of $3,534,600,000 divided by 2,535,749 store days equals average sales of $1,394 per store per day for the year.
4. The annual report states that in 1981, 98.92% of the company's total operating profits were from the stores group. Total pretax earnings for Southland were $167,450,000. The stores group pretax profits were thus $165,440,600. Historically, about 93% of the profit in the stores group is from 7-Eleven. This year the report does not state the percentage. If we assume that 100% of the stores group profit was from 7-Eleven, the $DPD would be $65.24 ($165,440,000 divided by store days of 2,535,749). If we assume that 93% of the stores group profits this year are from 7-Eleven, the $DPD would be $60.67 per 7-Eleven store (93% of $165,440,000 equals $153,859,200, which when divided by 2,535,749 7-Eleven store days equals $60.67). Since there are other store operations in the stores group, we have chosen the latter approach.
5. After Tax Profits:
   After tax profits for Southland are 56.3% of the pretax profits. Total after tax earnings for Southland were $94,191,000. If we assume that after tax profits bear the same relationship to operations as pretax profits, after tax profits for the stores group would be $93,172,748 (98.92% of $94,191,000). If 93% of the stores group after tax profits are from 7-Eleven, we have the following calculation of after tax $DPD profits: 93% of $93,172,748 equals $86,649,960 divided by 7-Eleven store days of 2,535,749, which equals $34.17). Southland receives the equivalent of $1.99 per store per day in royalty payments from 7-Eleven Japan Co., Ltd.

TO OUR SHAREHOLDERS:

JOHN P. THOMPSON **JERE W. THOMPSON**

1981 was the 24th consecutive year Southland achieved record revenues and earnings. It was a year of solid growth accomplished in the most difficult business environment since the mid-'70s. Net earnings reached $94.2 million, up 23.8% on a 19.9% gain in revenues to $5.73 billion, up almost $1 billion. Primary earnings per share for the year increased 23.6% to $3.98, and fully diluted earnings rose 23.3% to $3.86 a share.

Sales of 7-Eleven, our principle business, were strong throughout the year, up 19.1% to $4.73 billion. Merchandise sales in stores open over 12 months were up more than 13% from the prior year, well ahead of the rate of inflation in the product mix. Although the percentage gain in sales slowed somewhat in the last half, the rate of inflation also showed a similar decline. This resulted in relatively stable real growth in 7-Eleven sales throughout the year.

To support this excellent growth trend, Southland has developed the most aggressive multi-media advertising and marketing program in the Company's history. Our new theme, "America Likes The Freedom of 7-Eleven," was introduced this January on all three major television networks. The program promotes the hassle-free, time-saving personal freedom of shopping for sound consumer value at 7,000 neighborhood 7-Eleven stores.

Self-serve gasoline sales increased 30.9% in 1981 and exceeded $1 billion for the first time. Since gasoline now represents one-fourth of total convenience store sales, we recently formed a gasoline supply division whose primary purpose is to purchase and provide this product to the 7-Eleven retail operations.

The division is expected to supply, either directly or through exchange arrangements, a majority of 7-Eleven's requirements. In addition, it has allowed the Company to expand its wholesale business significantly, and we expect these activities to add materially to 1982 sales and earnings.

In August, Southland celebrated the tenth anniversary of its distribution system designed to serve the unique requirements of 7-Eleven. Sales and profits from the four regional Centers were well ahead of 1980, even though the newest one has not reached a profitable sales level due to the severely depressed economy of the Midwest area that it serves.

Dairies Group sales were up 2.7% to $368.2 million, while operating profits were down 2.5% from last year's all-time high, after excluding a nonrecurring gain in 1980. These results reflect a substantial reduction in government-sponsored school lunch and other social feeding programs, as well as highly competitive market conditions industry-wide.

Although Chief Auto Parts showed a strong upward sales trend throughout the year, its operating loss of $8.2 million was disappointing. Costs associated with more than doubling the number of stores in two years, as well as extensive remerchandising of the stores and warehouses, were primarily responsible for the loss. We expect considerable improvement in Chief's performance this year as the newer stores mature, the rate of openings is slowed, and the Division concentrates on increasing unit sales and profitability.

We strongly believe in the future of the convenience store business and intend to maintain our position of leadership. This commitment was demonstrated by record 1981 capital expenditures of $224 million, with almost three-fourths of the total invested in the Stores Group. At year-end, 7,400 retail outlets were in operation, including 7,002 7-Eleven and 266 Chief stores.

The 7-Eleven concept has been well accepted by consumers in every country where introduced. At year-end, area licensees in six countries were operating 1,782 7-Eleven stores. During 1981, 320 stores were opened, including 232 in Japan and 49 in the United States. A new license agreement was signed early last year for Belgium, the Netherlands and Luxembourg, and the first 7-Eleven in Amsterdam will open soon.

In February 1982, the annual cash dividend rate was raised to $1.16 per share, following the April 1981 increase to $1.08 from 96¢. Southland has increased the annual rate 11 times in the past 12 years, providing shareholders with a compound growth rate of 17.9%. The current cash dividend, as well as the discontinuance of the 3% stock dividend, reflects our policy to maintain the payout ratio between 25% and 30% of prior-year earnings.

The "Southland family" has enthusiastically supported a variety of national and community causes for many years. Employees, franchisees, shareholders, suppliers and customers have raised more than $21 million since 1976 for the Muscular Dystrophy Association. In 1978, the Dairies Group became the first national corporate sponsor of the March of Dimes and its "Mother's March on Birth Defects," and together with 7-Eleven, has sponsored the March of Dimes "WalkAmerica" since its beginning.

The Company is a major corporate sponsor of the 1984 Olympic Games in Los Angeles, and has funded an Olympic-class velodrome for cycling events. We also are a sponsor of the United States Olympic Committee's training program for American athletes preparing for the Games. As 1984 approaches, Southland will promote the Olympic spirit through television advertising and other marketing programs, and 7-Eleven stores will serve as Olympic information centers.

We are proud of the outstanding performance of our employees and franchisees during the past year and appreciate your confidence and support. Even though economic conditions remain uncertain, we are confident that Southland's inherent strengths provide the foundation for continuing growth.

John P Thompson

John P. Thompson
Chairman

Jere W. Thompson

Jere W. Thompson
President

March 10, 1982

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Accounting Information for the Three-Year Period 1979-1981:
Pro forma earnings for 1979 remove the cumulative effect of the accounting change made that year from the deferral to the flow-through method of accounting for investment tax credits (ITC) and present the year as if on the flow-through method. In 1981, the Company adopted Statement of Financial Accounting Standards No. 43 (SFAS No. 43) which requires an expense accrual for vacation time earned but not yet taken. The consolidated financial statements for 1980 and prior years have been restated to reflect this change.

RESULTS OF OPERATIONS:

Revenues

Revenues (net sales of products and merchandise, including sales by 7-Eleven stores operated by franchisees, and other income) established all-time highs in each of the past three years, with all business segments contributing to the gains.

Revenues (Millions)	1981	% Gain	1980	% Gain	1979	% Gain
Net Sales						
Stores Group	**$5,199.3**	**21.1**	$4,294.1	24.4	$3,453.0	24.0
Dairies Group	**368.2**	**2.7**	358.5	14.2	313.9	24.2
Special Operations Group	**126.1**	**18.9**	106.1	18.8	89.3	124.9
Total	**5,693.6**	**19.6**	4,758.7	23.4	3,856.2	25.3
Other Income	**40.5**	**69.5**	23.9	20.7	19.8	45.6
TOTAL	**$5,734.1**	**19.9**	$4,782.6	23.4	$3,876.0	25.4

The Stores Group accounted for 91.3%, 90.2% and 89.5% of total sales in 1981, 1980 and 1979, respectively. 7-Eleven volume, representing 83% of total sales, increased 19.1% to $4.73 billion in 1981, following gains of 23.7% to $3.97 billion in 1980 and 23.9% to $3.21 billion in 1979.

For 1981, 7-Eleven sales, excluding gasoline, were up 15.4% to $3.53 billion after increases of 15.8% and 17.9% in 1980 and 1979. These excellent gains resulted from sales increases substantially in excess of the rate of inflation in the 7-Eleven product mix and the net addition of 107, 90 and 206 7-Eleven stores in 1981, 1980 and 1979, respectively. More efficient use of selling space, increased prime-time television advertising, new products and services, and competitive pricing of selected items, especially milk, beer, cigarettes and soft drinks, contributed to the gains.

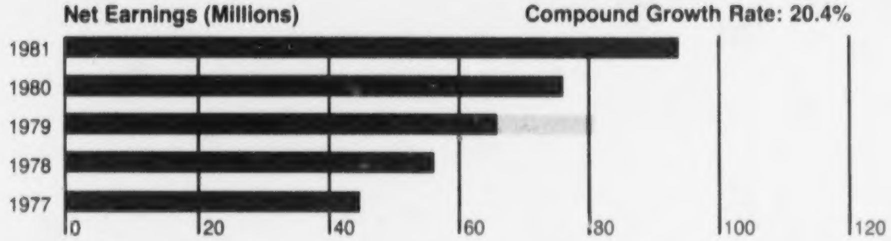
Self-serve gasoline, the largest single product category in the 7-Eleven sales mix, reached 25.3%, 23.0% and 17.2% of total convenience store sales in 1981, 1980 and 1979, respectively.

Gasoline	1981	% Gain	1980	% Gain	1979	% Gain
Sales (Millions)	**$1,195.4**	**30.9**	$912.9	60.4	$569.3	60.6
Gallons (Millions)	**956.0**	**20.6**	792.9	17.4	675.5	9.6
Number of Stores	**2,517**	**12.1**	2,246	6.6	2,107	13.5

Higher retail prices were largely responsible for the 1979 gasoline sales gain, although gallonage was up slightly, even in the face of a nationwide supply shortage. Although there were ample supplies in 1980, retail prices continued to escalate and were the main reason for the sales gain. In 1981, gallonage accounted for most of the sales gain as retail prices increased at a slower rate than in the prior two years due to continued ample nationwide supplies.

In December, 1981, the Company acquired certain gasoline storage facilities and formed a gasoline supply division whose primary purpose is to purchase and supply gasoline to the 7-Eleven retail operations. The division is expected to provide, either directly or through exchange arrangements, a major percentage of 7-Eleven's requirements nationwide at the lowest possible cost. In addition, it has allowed the Company to expand its wholesale gasoline business. Although this high-volume, low-profit product will lower overall corporate gross margins, Southland expects these activities to have a material effect on 1982 sales and earnings.

The Dairies Group accounted for 7% of Company sales in 1981 and 8% in 1980 and 1979. In 1981, sales were up only slightly due to increased competition in the marketplace and a reduction in government-sponsored school lunch and other social feeding programs. The 1980 and 1979 sales gains, which were in excess of the rate of inflation, resulted partly from an overall improvement in market conditions after the severe competitive environment of 1978. Increased



▨ Earnings increased $15.7 million for cumulative effect of changing to flow-through method of accounting for ITC.

volume of milk, ice cream and related dairy products, the addition of new products and customers, and greater emphasis on the institutional food service market also contributed to the gains.

The Special Operations Group, including the Chief Auto Parts Division acquired at the end of 1978, represented 2% of total sales in each of the three years.

Other income (interest income, area license royalties, equity in earnings of affiliates and net gain on sale of assets no longer of use to the Company) is included in total revenues. Interest income and area license royalties represented more than 75% of other income in each year.

Gross Profits and Margins
Gross profits (sales less cost of goods sold, including buying and occupancy expenses) were up 15.9%, 15.5% and 21.8%, compared with sales gains of 19.6%, 23.4% and 25.3% in 1981, 1980 and 1979, respectively. For the same periods, gross margins (gross profits divided by sales) were:

Gross Margins (Percentage)

QUARTERS	1981	1980	1979
First	**20.86**	21.81	22.91
Second	**22.92**	23.03	25.48
Third	**22.48**	23.38	24.79
Fourth	**20.64**	21.48	22.70
YEAR	**21.75**	22.46	24.00

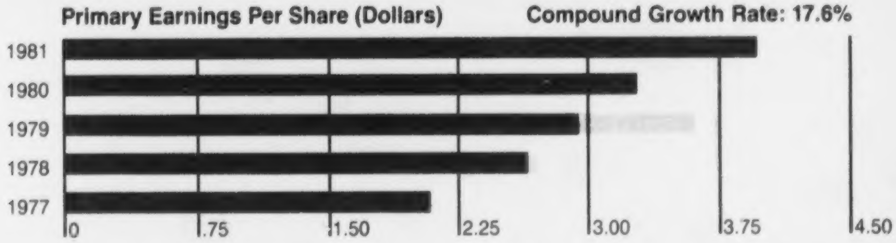
7-Eleven gross margins, excluding gasoline, were up in each of the three years due largely to increased sales of high-margin products such as fountain soft drinks, fast foods, non-foods, candy and snack items. Although gasoline gross profits increased dramatically during the period, the impact of this low-margin item, as a larger percentage of the sales mix, caused both 7-Eleven and overall corporate margins to decline. In addition, margins have been adversely affected by inflation-fueled increases in buying and occupancy expenses including store rents and maintenance, utilities, inventory shortages and property taxes.

Dairies Group margins remained relatively stable in 1980 and 1979. While some markets continued to experience severe competition, generally favorable industry conditions, together with aggressive merchandising and promotions, introduction of new products, and processing efficiencies attributable to sustained plant modernization and automation programs, enabled the Group to maintain its margins. In 1981, an inability to pass through production cost increases due to competitive market conditions resulted in slightly lower gross margins.

Selling, General and Administrative Expenses
In 1981, 1980 and 1979, these expenses were up 16.1%, 15.4% and 27.0%, compared with gross profit gains of 15.9%, 15.5% and 21.8%, respectively. For the same periods, the ratios of these expenses to sales were:

Selling, General and Administrative Expenses (Percentage)

QUARTERS	1981	1980	1979
First	**19.38**	20.13	20.86
Second	**18.40**	18.53	20.24
Third	**18.45**	19.07	20.06
Fourth	**17.53**	18.32	20.06
YEAR	**18.39**	18.96	20.27



☐ Per share earnings increased 71¢ for cumulative effect of changing to flow-through method of accounting for ITC.

In 1979, the ratio increased .26 compared with the prior year, primarily due to the Company's decision to expand and upgrade field management and support staff in the areas of merchandising, gasoline procurement and marketing, real estate, construction, personnel, training, security and accounting. In addition, many inflation-fueled operating expenses, including wages and related payroll costs, travel and administrative expenses, increased at a faster pace than the growth in gross profits.

The Company, in late 1979, instituted numerous programs to bring this rate of growth in operating expenses more in line with that of gross profits. As a result, 1980 selling, general and administrative expenses were up 15.4%, compared with a 15.5% increase in gross profits. This improvement, as well as increased sales, resulted in the ratio of expenses to sales declining 1.31 to 18.96%. The Company has continued its cost reduction measures, and, in 1981, the ratio of selling, general and administrative expenses to sales declined .57 to 18.39%.

Interest and Imputed Interest Expense
Interest and imputed interest expense, which was up only 2.7% in 1981, increased 15.2% in 1980 and 14.5% in 1979 primarily because of unsecured debt financings in 1979 and 1978. Pursuant to SFAS No. 34, the Company reduced interest expense by the capitalization of $3.0 million, $3.5 million and $4.4 million of interest costs in 1981, 1980 and 1979, respectively.

Income Taxes
The effective federal and state income tax rates of 43.7% in 1981, 41.7% in 1980 and 40.4% in 1979 were substantially below the 46% federal statutory tax rate primarily because of investment tax credits. See Note 12 in Notes to Consolidated Financial Statements.

Net Earnings
(Thousands)

QUARTER	**1981**	**% Gain**	1980	% Gain	1979*	% Gain
First	**$ 7,685**	**35.4**	$ 5,674	(10.1)	$ 6,309	(13.0)
Second	**31,677**	**30.9**	24,205	5.1	23,035	22.1
Third	**31,832**	**19.5**	26,629	10.7	24,049	21.7
Fourth	**22,997**	**17.7**	19,544	50.5	12,990	(4.5)
TOTAL	**$94,191**	**23.9**	$76,052	14.6	$66,383	11.6

*Pro forma

In 1979, the earnings increase was due largely to a 25.3% gain in sales, stable dairy market conditions and improved gross margins on both convenience store merchandise and self-serve gasoline. Total sales in 1980 continued strong, and although dairy and 7-Eleven margins, excluding gasoline, remained firm, the rate of increase in buying and occupancy expenses, as well as selling, general and administrative costs, held down the earnings gain. The increase in 1981 earnings was due to the excellent sales gain, a slight improvement in gross margins on convenience store merchandise, a decline in the ratio of selling, general and administrative expenses to sales, and a significant increase in interest income from short-term cash investments. The 1981 and 1980 earnings gains, however, were held down by operating losses from the Champaign Distribution Center and the Tidel Systems and Chief Auto Parts Divisions. These operations are expected to significantly improve their performance in 1982.

Historical Summary: National Convenience Stores

Data Taken from the Annual Report
for the Year Ended 6/30/82

Inventory Accounting: FIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
	6/30/71	6/30/72	6/30/73	6/30/74	6/30/75	6/30/76	6/30/77	6/30/78	6/30/79	6/30/80	6/30/81	6/30/82
NATIONAL CONVENIENCE STORES **Houston, Texas**												
Number of Stores	487	529	646	808	801	743	722	725	806	817	832	922
Store Growth in Year	31	42	117	162	−7	−58	−21	3	81	11	15	90
Store Days	172,113	185,441	214,496	265,436	292,365	271,938	263,530	264,076	268,350	296,192	305,578	320,060
Sales per Day	$418	$478	$503	$495	$552	$643	$727	$813	$919	$1,036	$1,142	$1,298
Sales Growth $DPD	$+57	$+60	$+25	$−8	$+121	$+91	$+84	$+86	$+106	$+117	$+106	$+156
Pretax Profit $DPD	$7.07	$13.63	$13.35	$14.30	$5.87	$18.09	$25.58	$32.35	$36.52	$44.88	$54.61	$60.49
After Tax Profit $DPD	$4.41	$7.50	$8.22	$8.42	$4.30	$9.75	$13.41	$18.98	$22.37	$27.18	$33.31	$38.07
Store Closures	10	19	23	20	71	79	38	18	29	28	42	73
Gasoline Units	35	84	183	255	282	292	311	327	418	446	478	585
$DPD Ranking	6/10	5/10	7/10	11/13	12/13	8/13	6/13	5/13	6/13	3/13	3/12	4/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 922 stores in eleven states on June 30, 1982, primarily under the names of Stop 'N' Go, Hot Stop, and Shop 'N' Go.

1. The annual report states that store sales were $415,300,000.
2. Store Days:

Stores days of stores open all year	832 x 365 = 303,680
Store days of new stores figured for ½ year only	90 x 182 = 16,380
Total Store Days	320,060

3. Sales per Store per Day:
   Store sales of $415,300,000 divided by 320,060 store days equals average sales of $1,298 per store per day for the year.
4. Pretax Profit:
   Pretax profit of $19,360,000 divided by 320,060 store days results in a pretax profit of $60.49 per store per day.
5. After Tax Profit:
   After tax profit of $12,185,000 divided by 320,060 store days results in an after tax profit of $38.07 per store per day.
6. New stores planned: 75, eight of which to be super stores. Four hundred new stores are planned in the next five years.
7. 70% of the stores are open 24 hours a day.
8. Gasoline is not included in the sales figures.

To Our Shareholders

National Convenience Stores continued its trend of strong growth during the year ended June 30, 1982, and attained record levels of earnings and sales for the seventh consecutive year.

Net earnings for fiscal 1982 improved 20 percent to $12.2 million, or $1.62 a share, on sales which were up 17 percent to $617.4 million. In the previous year, net earnings were $10.2 million, or $1.42 a share, and sales were $527.4 million.

Our record performance was due to increases in both merchandise and gasoline sales and gross profit, the expansion of our capital expenditure programs and the continued strengthening of our store base through the addition of new stores and the closing of marginal ones.

Average sales per store increased 6 percent to $689,000, even though this important measurement was unfavorably affected by lower retail gasoline prices and below average sales contributions from stores recently obtained through acquisitions.

Capital expenditures increased to $57.0 million in fiscal 1982 from $28.2 million in 1981. During the year, NCS added 163 stores through internal development and acquisitions and closed 73 marginal locations, resulting in a record number 922 stores in operation at year end.

Along with our earnings and sales gains, other important measurements remained strong. Return on beginning stockholders' equity was 25.9 percent, our fifth straight year to surpass 25 percent. Stockholders' equity per share increased to $7.60 from $6.31 last year, while cash dividends increased to $.60 from $.50 a share. Also, additional shares were distributed to you in October 1981 through a 20 percent common stock dividend

During the year, we took advantage of an opportunity to raise additional capital, improve our financial condition and expand our shareholder base. In February, 920,000 shares of common stock were sold in a public offering, resulting in net proceeds to NCS of $11.1 million.

In January, we consummated the largest acquisition in NCS' history when we purchased 116 stores, operated under the name of "Mr. M Convenience Stores" in San Antonio and Houston, Texas. At June 30, we had closed 40 marginal stores and completed our remerchandising and modernization efforts in the remaining 76 stores. This acquisition significantly increases our market share position in two of our best markets and affords us economies of scale in certain areas of our operation. As expected these stores did not contribute to earnings this past year, however we believe they will have a very favorable impact on our operating results in fiscal 1983.

V. H. Van Horn

During fiscal 1982, we again strengthened our senior management team with the addition of an outstanding executive. In March, Gordon Findlay joined NCS as Vice President-Marketing. Mr. Findlay is a graduate of the Harvard Business School and was previously in a senior marketing position with the Maxwell House Division of General Foods Corporation. We believe he will bring some fresh insights to our brand of specialty retailing.

Looking ahead, the Company has planned capital expenditures of $65 million for the year ending June 30, 1983. Approximately $40 million of our capital budget will be devoted to the purchase of real estate sites and the construction of new stores. However, we will continue to invest capital in the modernization of our existing store base and in growth businesses such as fast foods, gasoline and coin-operated electronic video games.

In fiscal 1983, we will open approximately 75 new stores, in line with the five-year growth plan announced last year. This plan provides for the addition of 400 stores, net of anticipated store closings, from 1981 to 1986 and should substantially improve our market share position. Furthermore, this plan should dramatically strengthen our store base as we open modern, state-of-the-art units while closing older, obsolete ones.

Included in our new store openings for fiscal 1983 will be eight "Superstores," which NCS first pioneered in 1979. Superstores range from 3,000 to 4,800 square feet, up to 50 percent larger than the conventional convenience store, with the additional in-store selling space devoted primarily to high-margin fast food and nonfood products. Superstores have large gasoline installations offering three or more grades of gasoline and as many as twenty hoses to dispense product. At June 30, 1983, we expect to have 17 Superstores in operation and we remain very excited about this unique store concept.

In light of the nation's economic recession, the continued strong customer patronage of our stores is most gratifying. NCS benefits both from our location in the Sunbelt and the underlying strength of our convenience store concept and its customer, rather than product, orientation. However, NCS benefits most from the willingness of our management and employees to respond to changes in customer demand and environmental conditions.

Innovation and responsiveness are bywords in the NCS culture and important factors in our growth and success. We have been a driving force in the evolution of the convenience industry and a leader in the development of new ideas and concepts. The people of NCS are prepared to meet the challenges and take advantage of the opportunities awaiting us.

In summary, fiscal 1982 was another excellent year in the development of your Company. We remain confident of our abilities to continue our strong performance trend and look forward to another successful year for NCS.

Sincerely,

V. H. Van Horn
President and Chief Executive Officer

September 10, 1982

Excerpt from the Annual Report of National Convenience Stores

Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations:
The following table indicates the percentage which items in the Consolidated Statements of Earnings bear to sales and their percentage change over the preceding year.

	Percentage of Sales Year Ended June 30			Year to Year Percentage Change		
	1982	1981	1980	**1982 vs. 1981**	1981 vs. 1980	1980 vs. 1979
Sales	**100.0%**	100.0%	100.0%	**17%**	21%	36%
Cost of sales	**72.8**	74.2	72.6	**15**	24	37
Gross profit	**27.2**	25.8	27.4	**23**	14	32
Operating expenses	**17.6**	16.6	18.0	**24**	12	31
General and administrative expenses	**5.3**	5.2	5.1	**19**	24	30
Interest expense	**1.2**	.8	1.2	**62**	(9)	53
Earnings before income taxes	**3.1**	3.2	3.1	**16**	26	36
Income taxes	**1.1**	1.3	1.2	**10**	24	39
Net earnings	**2.0%**	1.9%	1.9%	**20**	26	34

Sales

The increases in sales were due to higher average sales per store and more stores in operation. Average sales per store increased to $689,000 in 1982 from $649,000 in 1981 and $533,000 in 1980 and reflect gains of 6.2%, 21.8% and 22.8%, respectively, over the preceding years. The increase in average sales per store in 1982 was less than that experienced in the preceding years due to a reduction in the retail price of gasoline and below average sales contributions from stores recently obtained through acquisition. Stores in operation at year end increased to 922 in 1982 from 832 in 1981 and 817 in 1980.

	1982	**%Gain**	1981	%Gain	1980	%Gain
			($ in millions)			
Merchandise sales	**$415.3**	**19.0**	$349.1	13.8	$306.9	23.9
Stores added	**163**		57		39	
Stores closed	**(73)**		(42)		(28)	
	90		15		11	

The increases in merchandise sales, which exceeded inflation, were due to NCS' continued emphasis on fast food and nonfood products, competitive pricing on price-sensitive, high-volume products such as beer, cigarettes and soft drinks and more stores in operation. New stores generally establish merchandise sales levels which exceed the NCS average, while older low-volume stores are closed when their economic prospects are no longer favorable.

	1982	**%Gain**	1981	%Gain	1980	%Cain
			($ and gallons in millions)			
Gasoline sales	**$202.1**	**13.3**	$178.3	39.8	$127.5	75.7
Gallons sold for Company's account	**170.1**	**13.7**	149.6	21.3	123.3	12.9
Gallons sold under commission arrangements	**46.4**	**42.3**	32.6	1.0	32.2	506.1
Stores selling gasoline	**585**	**22.4**	478	7.2	446	6.7

The gains in gasoline sales were due to both volume and retail price increases, except for 1982 when the retail price of gasoline averaged slightly less than that experienced in 1981. The volume of gasoline sold for the Company's own account has improved each year as a result of NCS' competitive pricing of gasoline products, the overall upgrading of gasoline facilities and equipment and more stores selling gasoline. Gallons of gasoline sold under commission arrangements, whereby only the commission is recorded in sales, increased primarily due to more stores operating in this manner. The majority of gasoline sold by the stores acquired in January 1982 was under commission arrangements.

Gross Profit

The gross profit percentage increased in 1982 due to the decrease of lower-margin gasoline sales as a percentage of total sales. In the previous two years, gasoline sales had increased relative to total sales and the gross profit percentage correspondingly decreased. Sales of gasoline represented 32.7% of total NCS sales in 1982, 33.8% in 1981 and 29.3% in 1980. The average per-gallon margin was 7.3 cents, 7.2 cents and 8.7 cents for each year, respectively. Following a supply shortage in fiscal 1980, the supply of gasoline became more abundant and margins declined to a level which was generally maintained through 1982. Merchandise margins increased over all periods due to NCS' continued emphasis on higher-margin fast food and nonfood products, the decrease in lower-margin grocery items as a percentage of total sales and the contribution of revenues from coin-operated electronic video games.

Operating and General and Administrative Expenses

The increases in operating and general and administrative expenses were primarily attributable to increases in labor, depreciation, utility, advertising and rent expenses.

Interest Expense

Interest expense increased in 1982 and 1980 due to higher levels of debt resulting from the acquisition of stores from other operators and the development of new store sites. Interest expense decreased in 1981 due to a substantial reduction in bank debt with the proceeds received from the sale of common stock in October 1980.

Income Taxes

The effective income tax rates of 37.1% in 1982, 39.0% in 1981 and 39.5% in 1980 were lower than the federal statutory rate due to investment credits from capital expenditures for store and gasoline equipment.

Net Earnings and Earnings Per Share

Net earnings generally increased in line with the strong sales gain shown in each year. The increases of 14.1% and 12.6% in earnings per share for 1982 and 1981, respectively, were less than that of net earnings due to the increase in average shares outstanding from sales of common stock.

Historical Summary: Lil' Champ

Data Taken from the Annual Report
for the Year Ended 5/1/82

Inventory Accounting: LIFO (Except Gasoline)

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
			4/28/73	4/27/74	5/3/75	5/1/76	4/30/77	4/29/78	4/28/79	5/3/80	5/2/81	5/1/82
LIL' CHAMP Jacksonville, Florida												
Number of Stores		15	59	80	94	100	108	122	130	138	148	162
Store Growth in Year			44	21	14	6	8	14	8	8	10	14
Store Days			13,527	25,378	32,270	35,308	37,964	41,860	45,864	49,710	52,052	56,420
Sales per Day			$525	$505	$541	$532	$553	$550	$544	$612	$682	$736
Sales Growth $DPD				$-20	$-9	$-9	$+21	$-3	$-6	$+68	$+70	$+56
Pretax Profit $DPD			$42.02	$41.11	$36.50	$32.19	$32.36	$33.44	$37.23	$44.17	$44.39	$48.25
After Tax Profit $DPD			$18.59	$21.36	$19.26	$16.76	$17.04	$18.57	$20.61	$23.60	$24.57	$27.47
Store Closures						1	4	0	0	0	0	0
Gasoline Units							20	25	31	32	44	66
$DPD Ranking			Not Included	2/13	1/13	2/13	2/13	4/13	5/13	4/13	5/12	5/11

BASIS FOR PROFIT PER DAY DETERMINATION

1. The annual report states that merchandise sales were $41,534,000.
2. Store Days:

Store days of stores open all year	148 x 364 = 53,872
Store days of new stores figured for ½ year only	14 x 182 = 2,548
Total Store Days	56,420

3. Sales per Store per Day:
   Sales of $41,534,000 divided by 56,420 store days equals average sales of $736 per store per day.
4. Pretax Profit:
   Pretax profits of $2,722,000 divided by 56,420 store days equals a pretax profit of $48.25 per day.
5. After Tax Profit:
   After tax profits of $1,550,000 divided by 56,420 store days results in an after tax profit of $27.47 per store per day.
6. Gasoline commission:
   A gasoline commission of $181,640 from 33 non-owned gas units (gasoline commission divided by 12,012 gas days equals $15.12 per day per commission gas unit).
7. Twenty stores open 24 hours a day.
8. Video commissions of $191,200 equal $3.39 per store per day.

Excerpt from the Annual Report of Lil' Champ

Management's Discussion and Analysis Of Financial Condition and Results of Operations

Sales for the last three fiscal years have shown rather dramatic increases. Sales for fiscal year 1980 increased 22% over those of fiscal 1979 and fiscal year 1981 sales represented a 24% increase over 1980 and 51% over 1979. These increases were brought about by an increase in the number of stores in operation coupled with the installation of company-owned gasoline dispensing equipment in 11 stores as well as price increases. During fiscal year 1980 there was only one such installation and during fiscal year 1979 there were none. The commission from noncompany-owned gasoline installations, which at the end of fiscal year 1981 numbered 33, continues to be accounted for as other income. Where proper zoning or variances can be obtained for existing stores it is planned to add gasoline dispensing capability. When purchasing or leasing future sites, the feasibility of installing gasoline dispensing equipment will be given due consideration.

Other income for the 1981 fiscal year declined 3% as compared with the 1980 fiscal year, but was 55% over the figure for the 1979 fiscal year. Gasoline commissions, which represented 38% and 16% of other income during fiscal years 1980 and 1979 respectively, represented 23% during fiscal 1981. Gasoline commission for fiscal 1981 declined 42% from the 1980 fiscal year, but exceeded that of the 1979 fiscal year by 121%. During fiscal year 1980, the gross margin to be divided between the company and the facility owner reached its peak. The gross margins in fiscal years 1979 and 1981 were very narrow. However, because of an increase in volume in fiscal 1981 over fiscal 1980, the commission for the former year showed an increase. Game (pinball) commission for fiscal year 1981 represented 15% of other income, compared to 16% and 24% respectively for the fiscal years 1980 and 1979. Game commission income for fiscal year 1981 declined 11% and 4% respectively from fiscal years 1980 and 1979. Shortly after the end of fiscal year 1981 a program was undertaken to remove the pinball machines and to substitute electronic games therefor. There is evidence that interest in these games far exceeds that shown in the pinball games. It is anticipated that the income from game commissions for the fiscal year 1982 will exceed that of any previous year.

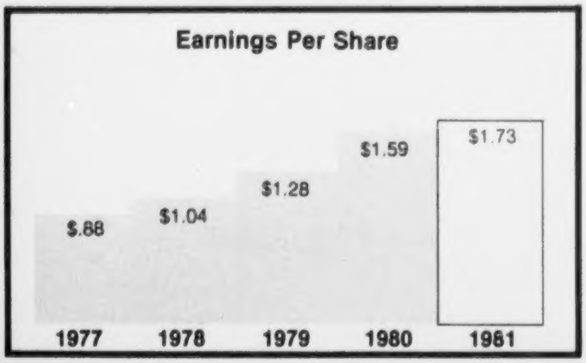
The sales and gross profit stated in thousands by segments are as follows:

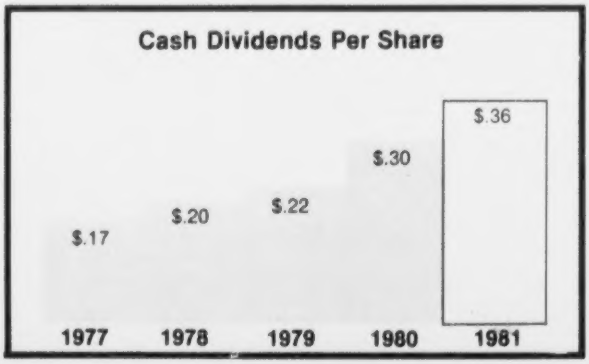
	1981	1980	1979
Sales			
Merchandise	**$35,496**	$30,447	$24,956
Gasoline	**2,143**	—	—
Gross Profit			
Merchandise	**11,295**	9,984	8,331
Gasoline	**$ 111**	$ —	$ —
% to Sales			
Merchandise	**31.82**	32.79	33.38
Gasoline	**5.18**	—	—

Although there has been a gradual decline in the rate of gross profit due to increased competition, the increase in sales volume generated by lower margins has had beneficial results. The addition for the current year to the LIFO reserve reduced gross profit percentage .85% as compared to .79% during fiscal year 1980, the first year in which LIFO was adopted.

Operating expenses for fiscal year 1981 increased 16% and 40% respectively over fiscal 1980 and 1979. Increase in number of stores in operation, increase in minimum wage and increase in cost of Workers Compensation insurance were the prime causes of these operating expense increases.

Interest cost continues to decline, as there have been no new borrowings for several years. However, in view of the fact that we operate under an expansionist theory,





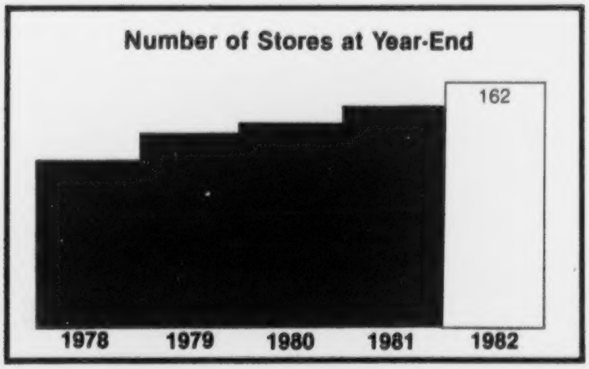
expense. Subsequent to the end of the fiscal year, the 8½% mortgage loan balance was reduced to $342,700, all of which will be due and payable on September 30, 1982. Negotiations have already been undertaken to renegotiate this balance for an extended term.

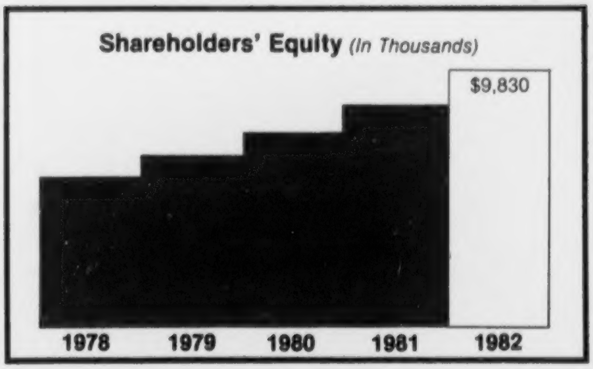
Expenditures for capital improvements and additions for the fiscal year 1982 amounted to $2,665,000. In order to assist in financing these improvements and additions, $650,000 was drawn against the $2,000,000 long term loan agreement established with the Florida National Bank, and existing structures as well as parcels of surplus land were disposed of for $736,000. All existing structures sold were leased back on favorable terms.

Cash dividends paid per share in each of the fiscal years 1982, 1981 and 1980 were respectively 35 cents, 34 cents, and 28 cents, adjusted to reflect the 5% stock dividend in each of those years.

The fiscal year 1980 was a 53-week year, whereas 1982 and 1981 were each a 52-week year. A comparison of the fiscal year 1980 adjusted to 52 weeks reduces the earnings per share for that year to $1.48 as compared to $2.00 and $1.65 respectively for the fiscal years 1982 and 1981.

Shareholders' equity at the fiscal 1982 year end increased $1,276,000 over fiscal year 1981. Book value per share at the end of fiscal year 1982 rose to $12.67 as compared to $11.03 (adjusted for 5% stock dividend) at the end of the previous fiscal year.





To Our Shareholders:

Fiscal 1982 was another excellent year for Lil' Champ. Revenues topped $50 million for the first time as we recorded strong growth in the key areas of sales, net income, earnings per share and shareholders' equity. We successfully opened 14 new stores in the face of steadily increasing costs and a national recession while financing a substantial portion of this expansion from earnings and cash flow.

Sales rose to $49,753,000 from the $37,639,000 of the previous year while net income and earnings per share increased 21 percent to $1,550,000, or $2.00 per share, from $1,279,000, or $1.65 per share. Earnings per share in both years have been adjusted to reflect the 5% stock dividends which were paid in December 1981 and December 1980.

The future continues to look bright. Our North and Central Florida territories, whose economies have been stronger than those of the nation as a whole, continue to do well. We expect to continue to stress increased sales of gasoline and fast food items, both of which have played a substantial part in our 1982 gains.

Never has the combination of experience, conservative financial management and informed aggressiveness been more valuable than it is in today's economic climate. Costs of labor, utilities and services continue to mount, placing a premium on tight operational and financial controls as well as quick-response margin maintenance. Our most difficult variable at the moment is a continuing increase in land costs which has called for an even greater emphasis on conservative planning and a high degree of selectivity in new store locations. We are, of course, not interested in pressing for growth in number of units at the expense of profitability—the only true measure of disciplined and efficient management.

It is Lil' Champ's emphasis on quality which has made it the Cadillac of the convenience-store industry. We expect to maintain that emphasis. This means quality locations, quality stores, quality merchandise and quality personnel. We are pleased at our growth over the year just past from 148 to 162 units, but only because this strong growth has been quality growth—profitable growth.

Our aim has always been and continues to be the melding of a basically conservative management posture with operational flexibility and rapid reaction to our area's ever more rapidly changing business conditions. We are optimistic—but, as always, cautiously so—about the future. We assure our shareholders that our continuing expansion will be marked both by this caution and by our dedication to quality.

Julian E Jackson

Julian E. Jackson
Chairman and President

Historical Summary: Dillon Companies, Inc.

Data Taken from the Annual Report
for the Year Ended 7/3/82

Inventory Accounting: LIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
							Year Ended					
	7/31/71	7/1/72	6/30/73	6/29/74	6/28/75	7/3/76	7/2/77	7/1/78	6/30/79	6/28/80	6/27/81	7/3/82
DILLON COMPANIES, INC.												
Number of Stores	98	123	160	182	188	186	185	284	305	324	338	349
Store Growth in Year	27	25	37	22	6	–2	–1	+99	21	19	14	11
Store Days	30,856	40,222	51,666	62,244	67,340	69,006	67,340	82,754	107,198	114,478	120,484	127,433
Sales per Day	$555	$642	$663	$684	$751	$838	$941	$1,134	$1,337	$1,558	$1,032	$1,109
Sales Growth $DPD		$+87	$+21	$+21	$+67	$+87	$+103	$+193	$+203		$+74	$+77
Pretax Profit $DPD	$7.27	$13.05	$24.35	$15.92	$–10.76	$16.15	$26.67	$41.55	$41.83	$43.68	$35.70	$41.36
After Tax Profit $DPD	$3.95	$7.11	$12.17	$8.67	$–5.87	$9.13	$14.85	$22.99	$23.85	$27.37	$19.72	$23.63
Store Closures						11	3	7	9	19	14	12
Gasoline Units							102	166	186	200	242	250
$DPD Ranking	5/10	6/10	2/10	10/13	13/13	9/13	5/13	1/13	3/13	5/13	6/12	6/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 349 small food stores on July 3, 1982 in five states:

129 Time Saver Stores—Louisiana—net growth 7 stores
90 Quik Stops—California—net growth 5 stores
130 Kwik Shops—Kansas, Nebraska, Iowa—net growth 1 store
349 total convenience stores

1. Small food store sales were $256,265,213 less gasoline sales of $114,892,000, leaving $141,373,213 in net food store sales.
2. Store Days:
   Store days of stores open all year 338 x 371 = 125,398
   Store days of new stores figured for ½ year only 11 x 185 = 2,035
   Total Store Days 127,433
3. Sales per Store per Day:
   Sales of $141,373,213 divided by 127,433 store days equals average sales of $1,109 per store per day for the year.
4. Pretax Profit:
   The annual report states that after tax convenience store profits were $3,011,777. After tax corporate profits were 57.14% of corporate pretax profits. Thus, after tax convenience store profits have been raised by the tax rate to obtain pretax profits of $5,271,000. Convenience store profits of $5,721,000 divided by 127,433 store days equals $41.36 per store per day.
5. After Tax Profits:
   After tax profits of $3,011,777 divided by 127,433 store days equals $23.63 per convenience store per day. Dillon also operates 218 supermarkets. Using the same formula, the average after tax profit per supermarket per day was $479.99, an increase of $30.33 per store per day above the previous year. At the present rate of supermarket and covenience store dollars per day profit, Dillon would have to operate 4,408 small food stores to equal the profits of their 218 supermarkets.
6. New stores planned: 28

DILLON COMPANIES, INC.

	Total After Tax Profits	Store Days	Sales per Store per Day	Percent of After Tax Profit on Sales	Profit per Store per Day	Profit per Day Last Year
218 Supermarkets	$38,642,201	80,506	$31,539	1.52%	$479.99	$449.66
349 Small Stores	3,011,777	127,433	1,109	1.18	23.63	19.72

California stores are franchised.

Excerpt from the Annual Report of Dillon

REPORT TO STOCKHOLDERS

Sales for the fiscal year ended July 3, 1982 were $2,823,674,052, a 13.2% increase over the previous year. The year just ended was a 53 week year, which when adjusted to a normal 52 weeks, results in an 11.1% increase over the year before.

Profits reached a new high of $50,581,844 or $2.76 per share for the year just ended, compared to $40,352,950 and $2.21 the year before. The before tax LIFO charge in 1981 was $9,025,000 and in 1982 was $6,324,300. The LIFO inventory reserve is now $27,630,100.

Our financial condition remains strong. On July 3, 1982 cash on hand was $6,185,746 and we had surplus cash of $40,500,000 invested in certificates of deposit and other short-term investments. Our interest income last year was $7,995,535 while our interest expense, excluding the implied interest expense of capitalized leases, was $5,455,872.

In the last 10 years, the cash dividends paid on Dillon Companies common stock have increased at a compound annual rate of 17.5%. Cash dividends paid last year were $21,986,400.

Our return on stockholders' equity for last year was 24.25%. We believe this will be one of the highest returns in our industry.

The Board of Directors at their meeting on August 16, 1982 declared a 6% stock dividend payable October 19, 1982 and increased the quarterly cash dividend to 33¢ per share payable October 19, 1982 to stockholders of record September 30, 1982.

SUPERMARKET DIVISIONS

Total supermarket net profit expressed as a percentage of sales was 1.52% for the year just ended compared to 1.50% the year before.

Supermarket sales for the three months ended July 3, 1982 increased 12.41% over the same period a year ago. Some of this increase is attributable to new stores but the same store sales for the last quarter were especially good, showing an increase of 9.24%.

During fiscal 1982 the total square footage of our supermarkets was increased by 4.5%. We are now estimating an increase of 6.6% for fiscal 1983. Almost all new stores being constructed are the supermarket-drug combination in sizes ranging from 45,000 square feet to 60,000 square feet. We are continuing to enlarge and improve our merchandising of health and beauty aids along with offering a complete pharmacy in 97 of our supermarkets.

The new combination supermarket-drug units require an increased sales volume compared to our standard supermarkets. We are willing to reduce our gross margins in order to achieve sales gains that will allow us to operate more profitably in the future.

New emphasis is being placed on providing our customers with a better selection of low sodium and sugar-free food products. The public is becoming more aware of the nutritional value of health foods being offered in our supermarkets, and we are expanding our selection of these items.

Ray E. Dillon, Jr., Richard W. Dillon

CONVENIENCE STORES

Our three convenience store divisions continue to improve both in sales and profits. Our sales of $256,265,213 represented a 14.3% increase over fiscal 1981. Our profits exceeded $3 million which represented a 28.9% increase over the previous year.

We are optimistic about the future of our three convenience store divisions. We are continuing our program of closing marginal stores. Site selection has improved, we have good management in place, and the morale is very high. The warehouse and ice plant servicing our Time Saver Stores in New Orleans is now fully operational and contributing to the profit of that division. We are continuing to improve our selection and merchandising of fast foods and fountain drinks in all divisions of our convenience stores.

Gasoline is now being sold in 250 of our stores. We are continuing to improve our existing gasoline units to assure maintaining our share of the petroleum market.

DILLON REAL ESTATE

During the last year, we added approximately $8 million of land and $19 million of buildings. At year-end, Dillon Real Estate owned land and buildings with an original cost of over $100 million. The current market value of these properties would be considerably higher than the amount carried on our books.

During fiscal 1983, the Dillon Real Estate Co. plans to develop nine new combination supermarkets to be used by our operating divisions. Our analysis continues to show that the ownership of property by Dillon Real Estate Co. will produce a very profitable long-term effect for Dillon Companies, Inc.

Ray E Dillon Jr

Ray E. Dillon, Jr.
Chairman of the Board

Richard W. Dillon

Richard W. Dillon
President

Historical Summary: Li'l General

Data Taken from the Annual Report
for the Year Ended 12/26/81

Inventory Accounting: FIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
	12/26/70	12/25/71	12/30/72	12/29/73	12/28/74	12/27/75	12/25/76	12/31/77	12/30/78	12/29/79	12/27/80	12/26/81
LI'L GENERAL Florida												
Number of Stores	497	510	507	527	550	561	554	541	515	464	474	460
Store Growth in Year		13	−3	20	23	11	−7	−13	−26	−51	10	−14
Store Days	181,405	183,784	188,604	188,715	196,014	202,202	201,656	200,711	187,460	168,896	170,716	167,440
Sales per Day	$340	$344	$386	$436	$474	$480	$512	$581	$683	$838	$916	$1,022
Sales Growth $DPD		$+4	$+43	$+50	$+38	$+6	$+32	$+69	$+102	$+155	$+78	$+106
Pretax Profit $DPD	$6.35	$10.06	$11.32	$13.54	$14.90	$13.45	$8.12	$11.70	$15.72	$25.71	$13.30	$25.42
After Tax Profit $DPD	$3.18	$5.03	$5.66	$6.77	$7.45	$6.72	$4.06	$5.85	$7.86	$12.85	$6.65	$12.71
Store Closures			23	25	18	11	20	19	30	56	29	21
Gasoline Units						82	136	170	165	167	204	208
$DPD Ranking	7/10	8/10	9/10	12/13	9/13	11/13	12/13	11/13	10/13	10/13	10/12	7/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 460 Li'l General stores on December 26, 1981. Li'l General is a division of General Host, a diversified company with total sales of $497,628,000 from continuing operations. Included in the Li'l General Stores Division are the sales and profits of 130 Hot Sam Pretzel Shoppes. These sales and profits have been included in this division for the last eight fiscal years.

1. Sales:

   Sales of the convenience stores division were reported as $177,700,000 in the annual report. We have arbitrarily assumed the average Hot Sam Pretzel Shoppe has annual sales of $50,000 and have thus subtracted $6,500,000 (130 x $50,000) from the total convenience store sales to arrive at Li'l General food store sales of $171,200,000.

2. Store Days:

Store days of stores open all year	460 x 364 = 167,440
Total Store Days	167,440

3. Sales per Store per Day:

   Sales of $171,200,000 divided by 167,440 store days equals average sales of $1,022 per store per day for the year.

4. Pretax Profit:

   Operating of the convenience store division is $8,331,000. We have arbitrarily assumed the average Hot Sam Pretzel Shoppe had annual operating income of $5,000 and have thus subtracted $650,000 (130 x $5,000) to arrive at Li'l General operating income of $7,681,000. Operating income is stated before corporate administrative expenses and interest. Corporate administrative expense and interest are estimated at 2% of sales. We have reduced estimated operating income by 2% of sales or $3,424,000 as follows:

Li'l General operating income	$7,681,000
Less 2% of sales for corporate administrative expenses and interest	3,424,000
Estimated Li'l General pretax profit	$4,257,000

5. Pretax Profit per Store per Day:

   Li'l General's pretax profit of $4,257,000 divided by 167,440 store days equals pretax profit per store per day of $25.42.

6. After Tax Profit:

Li'l General pretax profit	$4,257,000
Less estimated 50% tax rate	2,128,500
*Estimated after tax profit for Li'l General	$2,128,500

Li'l General after tax profits of $2,128,500 have been divided by 167,440 to arrive at an after tax profit of $12.71 per store per day.

*General Host, Li'l General's parent company, does a lot of gymnastics with their lines of business and their financial reporting. On balance, we believe their profit to be lower than reported here. If the interest and unallocated administrative expense were distributed to the operating divisions on a percent of sales basis, Li'l General's share would be $8,662,600 instead of the $3,424,000 assigned here.

pumps, and all new stores, including 16 opened in 1981, are similarly furnished. To date, new units with pumps have averaged 50% greater volumes of gasoline than existing units. Although gasoline margins narrowed in 1981, about 28% of Little General's operating income came from gasoline sales.

In addition to location, a key factor in a convenience store's success is its design and visual appeal. As a consequence, Little General has embarked on an aggressive remodeling program. In 1981, 29 stores were remodeled using appealing new graphics and signage with 100 more scheduled for 1982. The decision to accelerate the program was based on the substantial sales gains experienced in remodeled stores.

In-store merchandising can frequently make the difference between success and poor results. Little General places strong emphasis on effective display of its merchandise and the placement of point-of-purchase materials. Frequent promotions, sometimes backed by media advertising, create customer interest and increase the dollar amount of the average purchase. Consumer satisfaction is closely linked with store inventory levels: a fully stocked store dramatically increases the probability of impulse purchases and a customer who will return. An important contributor to this year's 41% increase in operating income was improved in-stock condition in all stores.

A growing consumer trend is the desire for take-out fast food and beverages. Accordingly, many of Little General's stores now include a snack center featuring high-margin prepared foods.

Much of Little General's growth can be attributed to tightly controlled operating procedures and effective execution of merchandising strategies—practices that should continue to make Little General profitable in the future.

Little General Stores

The rapid growth of convenience stores in the United States reflects an important shift in the shopping habits of Americans: the consumer is willing to spend more money in order to save time. Increasing affluence, mobility and the growing number of working women contribute to a trend that favors the continued growth of the convenience store industry. Demographic patterns suggest consumers are purchasing smaller packages and making more frequent shopping trips—trends which also favor the convenience store concept.

About 72% of Little General's 460 stores are located in the strong economic environments of Florida and Louisiana—and 25 new stores are planned for those states in 1982. Because of the nature of the business—convenience—the key to a successful store remains its location. Over the years, Little General has developed sophisticated evaluation methods for site selection. Most Little General stores are located near suburban neighborhoods, frequently at high-traffic intersections, and are intended to present easy access to both neighborhood customers and passing traffic.

The continued decline of "superettes" and the contracting number of retail gasoline outlets have created favorable conditions for future store growth. Because gasoline is a proven traffic builder, 45% of all Little General stores are equipped with self-service gasoline

Historical Summary: Mini Mart

Data Taken from the Annual Report
for the Year Ended 8/31/82

Inventory Accounting: LIFO

			7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended							
	8/31/74	8/31/75	8/31/76	8/31/77	8/31/78	8/31/79	8/31/80	8/31/81
MINI MART **Hollywood, Florida**								
Number of Stores	108	120	122	128	119	115	112	114
Store Growth in Year		12	2	6	−9	−4	−3	2
Store Days		41,616	44,286	45,622	43,435	41,975	40,992	41,244
Sales per Day		$530	$480	$481	$565	$567	$670	$727
Sales Growth $DPD			$−50	$+1	$+84	$+2	$+103	$+57
Pretax Profit $DPD		$10.33	$8.94	$5.13	$2.52	$18.77	$33.62	$23.80
After Tax Profit $DPD			$5.44	$3.11	$1.68	$11.21	$19.29	$13.17
Store Closures		1	5	6	21	15	9	14
Gasoline Units			4	13	11	11	29	38
$DPD Ranking			11/13	12/13	12/13	12/13	7/12	8/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 114 small food stores on August 31, 1981.

1. The annual report states that total convenience store sales were $37,681,000.
2. Store Days:
   Store days of stores open all year 112 x 365 = 40,880
   Store days of new stores figured for ½ year only 2 x 182 = 364
   41,244
3. Sales per Store per Day:
   Sales of $29,982,772 divided by 41,244 store days equals average sales of $727 per store per day for the year.
4. Pretax Profits:
   The annual report states that convenience store operating profit is $1,065,000. We have reduced this by $83,250 for interest expense. Pretax profits of $981,750 have been divided by 41,244 store days to arrive at a pretax profit of $23.80 per store per day.
5. After Tax Profit:
   After tax profits for Mini Mart are 55.34% of pretax profits. After tax profits of $543,272 have been divided by 41,244 store days to arrive at an after tax profit of $13.17 per store per day.
6. Mini Mart opened 16 stores and closed 14 stores during the year.
7. Thirty-four gasoline units have been added since 1976. Some of the sales of gasoline have been recorded in sales and some as commissions received. To eliminate the portion recorded as sales, we have reduced sales by 20.43%, which is the amount of the increase in the miscellaneous product category since 1977, as shown in the 10K. We have thus reduced sales by $7,698,228 to obtain small food store sales of $29,982,772.

TO OUR SHAREHOLDERS:

Our financial statement for the year ending August 31, 1981 shows a lower year-end profit and lower earnings per share as compared to the previous year. Contributing to these reduced 1981 profits and earnings per share were an accounting change to the Last In, First Out (LIFO) Method of determining inventory value which reduced per share earnings by approximately 3 cents, and the absence of sales of real estate comparable to those occurring in the year ending August 31, 1980, during which year we earned approximately 7 cents per share as a result of such sales.

Gross convenience store sales for the year ending August 31, 1981 were increased, however profits were reduced as a result of lower margins of profit on gasoline sales due to a glut of supply, increases in utility rates, costs of insurance and rising labor costs attributable to a large extent to the increased federal minimum wage standards effective January 1, 1981. General overhead and administration expenses of the Company have been held almost in line with last year.

During fiscal 1981, 16 stores were opened. In the same period, Mister Grocer closed 14 stores. Closings were attributable to lease expirations, sales of stores, and general business decisions to close certain unprofitable stores.

We thank our shareholders, directors, executive staff, employees and suppliers for their continued support of Mini Mart.

Sincerely,

Jack Fineberg, President
MINI MART CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Revenues (Thousands of Dollars)

	1981	1980	1979
Net sales	$36,594.0	$34,904.4	$28,690.7
Gain from sale of properties	119.8	392.0	21.5
Other	1,340.6	868.4	500.0
	$38,054.4	$36,164.8	$29,212.2

Net Sales

During 1981, the Company realized an increase in net sales of 4.8%. This increase was due primarily to price increases of convenience store sales. The increase was offset, however, due to the Company's expansion of its labor supply arrangement with a major oil company. Under the terms of this arrangement, certain operating costs of the Company are used to determine revenues, which are included in other income. Also, related gasoline sales, which were included in net sales in prior years, are no longer recognized. Increases in net sales for 1980 and 1979 result primarily from higher selling prices for convenience store items and increases in gasoline sales recognized under a prior supply arrangement.

Sale of Properties

1981 and 1979 reflect gains from the sale of parcels of property and miscellaneous store equipment. The gain in 1980 was derived principally from the sale of a strip shopping center.

Other

For 1981, other income increased 54.4%, after increases of 73.7% and 2.9% in 1980 and 1979. These increases reflect the expansion of the labor supply arrangement with a major oil company, as mentioned above, in addition to interest earned on certificates of deposit generated from the proceeds of the strip shopping center. The costs associated with the labor supply arrangement are included in selling, general and administrative expenses discussed below.

Gross Margins

For 1981, gross margins were 26.5%, as compared to 27.6% and 28.8% for 1980 and 1979. The decrease in gross profit from 1980 and 1979 levels was due primarily to the change in 1981 from the FIFO method to the LIFO method of valuing inventories. The decrease from 1980 was attributable primarily to the lower gross profit inherent in gasoline sales. The increase for 1979 was primarily attributable to more agressive marketing practices of convenience store merchandise, offset partially by the lower gross profit recognized on gasoline sales.

Selling, General and Administrative Expenses

Selling, general and administrative expense for 1981 was 26.9% of sales, as compared to 25.8% and 27.5% for 1980 and 1979. These percentages have remained relatively constant during the three-year period. Included in selling, general and administrative expense are costs which are used to determine revenues under the terms of the labor supply arrangement discussed above.

Interest Expense

Interest expense for the three years remained relatively stable, approximating $100,000 per year. The Company is weighing the possibility of obtaining a mortgage on a strip center built during 1980 and 1981. If the arrangements to do so are completed, interest expense will increase over prior years.

Net Income

For 1981, net income decreased $359,599 over 1980 and increased $186,191 over 1979. This change in net income primarily stems from a large gain on sale of properties in 1980, along with the effect of adopting the LIFO method of inventory valuation in 1981.

Liquidity

The Company considers its cash flow sufficient to meet working capital requirements. The Company does not believe there are, nor will there be, any demands, commitments or events which will result in a material liquidity deficiency. Approximately 96% of total sales are for cash and inventories are rapidly converted into cash. Due to this high degree of liquidity Mini Mart has not had a need for short-term debt even though arrangements have been completed assuring the availability of both long and short-term financing, if required.

	1981	1980	1979
Working capital (In Thousands)	1,189	1,850	890
Working capital ratio	1.5 to 1	1.6 to 1	1.3 to 1

The decline in working capital from 1980 to 1981 was due primarily to a 1.3 million dollar investment in construction of a strip shopping center in Boca Raton, Florida.

Capital Resources

There are many opportunities for Mini Mart to expand its sales and earnings base and the Company intends to vigorously pursue those opportunities. However, because of the uncertainties presently existing in the money market, the Company has reserved material commitments for capital expenditures. The Company plans remodeling and product expansion in order to increase return in its present stores, to develop more exacting site selection standards to increase return on investment from new stores, and to further expand its labor supply arrangements with a major oil company, all of which is a three-prong approach to increase sales and earnings. To provide the long-term capital necessary for growth Mini Mart will continue to utilize the most advantageous combinations of funds from operations, debt, equity, and lease financing.

Historical Summary: Sunshine Jr. Stores, Inc.

Data Taken from the Annual Report and 10K for the Year Ended 12/31/81

Inventory Accounting: LIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
	12/31/70	12/31/71	12/31/72	12/31/73	12/31/74	12/31/75	12/31/76	12/31/77	12/31/78	12/31/79	12/31/80	12/31/81
SUNSHINE JR. STORES, INC.												
Number of Stores	98	115	144	179	215	236	261	288	316	336	353	354
Store Growth in Year	22	17	29	35	36	21	25	27	28	20	17	1
Store Days	31,766	38,881	47,397	58,965	71,923	82,318	90,715	100,179	110,216	118,980	126,087	129,027
Sales per Day	$370	$390*	$413*	$437*	$507*	$459	$467	$467	$470	$502	$522	$562
Sales Growth $DPD	$+18	$+20	$+23	$+24	$+70	$–	$+8	$+0	$+3	$+32	$+20	$+40
Pretax Profit $DPD	$19.35	$20.46	$20.30	$20.52	$30.78	$25.17	$24.35	$24.27	$22.53	$31.03	$17.71	$21.89
After Tax Profit $DPD	$10.12	$11.05	$10.75	$10.88	$16.31	$13.23	$12.96	$13.54	$12.47	$16.86	$10.51	$12.37
Store Closures							3	6	9	8	11	16
Gasoline Units		4	33	40	51	72	140	191	230	260	288	307
$DPD Ranking	2/10	2/10	5/10	7/13	3/13	5/13	7/13	8/13	9/13	9/13	9/12	9/11

***Includes gasoline sales.**

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 354 small food stores on December 31, 1981 in five states.

1. The annual report states that small food store sales were $72,450,668.
2. Store Days:
   Store days of stores open all year 353 x 365 = 128,845
   Store days of new stores figured for ½ year only 1 x 182 = 182
   Total Store Days 129,027
3. Sales per Store per Day:
   Sales of $72,450,668 divided by 129,027 store days equals average sales of $562 per store per day for the year.
4. Pretax Profit per Store per Day:
   The annual report states that the operating profit for convenience stores was $4,467,255 before corporate expenses of $1,845,817. Since convenience store sales are 89% of total sales, we have allocated the expense on this basis. Convenience store pretax profits were thus $2,824,493. Store pretax profits of $2,824,493 have been divided by 129,027 store days to arrive at a pretax profit of $21.89 per store per day.
5. After Tax Profit:
   After tax profit is 56.51% of pretax profit. After tax small store profit was $1,595,842.
6. After Tax Profit per Store per Day:
   Sunshine Jr. convenience store after tax profits of $1,595,842 have been divided by 129,027 store days to arrive at an after tax profit of $12.37 per store per day.
7. 35 stores are open 24 hours a day.
8. Commissions from video machines were $1,010,086 or $7.83 per store per day.

James E. Lewis, Jr.
President

To Our Shareholders

Sunshine-Jr. Stores, Inc. ended 1981 with record sales and a substantial increase in earnings over 1980. Despite economic conditions which had a negative effect on business in general, Sunshine-Jr. Stores' sales increased 18% to $178.8 million, up from $151.9 million in 1980.

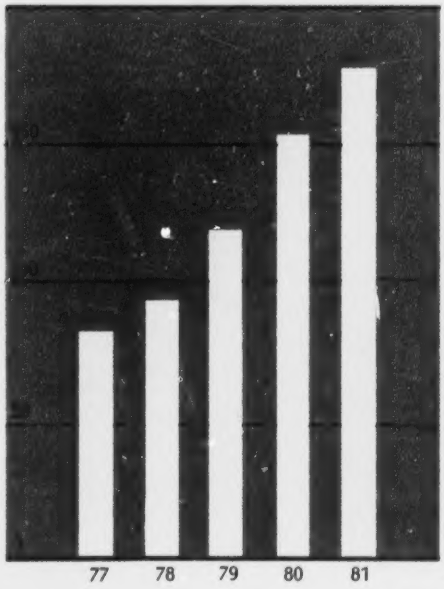
More significantly, in a year marked by 8.9% inflation, the Company's net income advanced 36% to $2.0 million. This turned around the decline in 1980 and signaled a strong upward trend in the Company's performance with per share earnings increasing to $1.17 up from $.86 last year. The gain was a direct result of good retailing techniques within the Company and it reflects the healthy position which convenience stores hold in the food and gasoline marketing industry.

Gasoline sales retained their strong position, accounting for 54% of total convenience store revenue, while profit margins began to improve in the fourth quarter. Convenience store sales totaled $158.3 million, 19% more than in 1980. The supermarket division also finished the year showing a gain with sales topping $20.4 million, a 7% improvement over last year's figures.

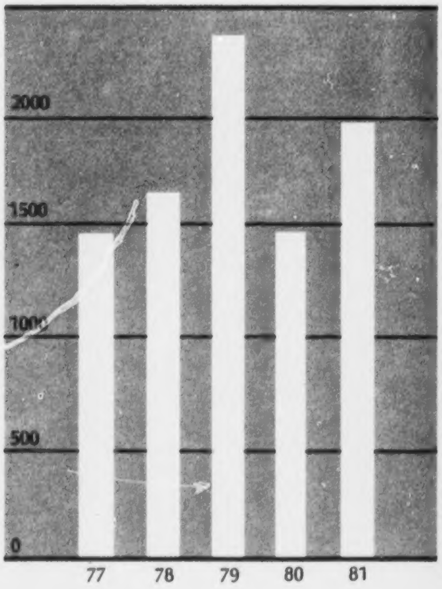
In both the first and second quarter of 1981 a dividend of $.10 per share was declared and in the third and fourth quarters the dividend was raised to $.12 per share. This resulted in an increase of 10% in dividends for the year 1981, over the previous year when quarterly dividends were maintained at $.10 per share. This is the eighth increase in dividends for the past eight years.

At year end the stockholders' equity in Sunshine-Jr. stood at $15,922,435 or $9.36 per share. This is an increase of 8% over last year's figure of $8.63. Our goal is to maintain an adequate return on this investment.

In 1981 the Company opened 17 Jr. Food Stores and closed 16 with a net gain of one store. One reason for the reduced number of store openings from previous years is the decrease of reasonably-priced sites within the present market area. Another is our focus on remodeling the older, existing stores. The Company believes that a judicious selection process is a must in developing a growth plan stressing higher productivity.



Net Sales
(millions of dollars)



Net Income
(thousands of dollars)

In the same manner, more stores were closed this year by the Company. Convenience Stores whose market base had shifted and had become unprofitable or whose leases were up for renewal under unfavorable circumstances were closed. Plans for 1982 include the opening of 20 new Jr. Food Stores and a frank analysis of those stores within the Company which fail to show substantial profits.

Due to the fact that Company-owned gasoline equipment is more profitable than supplier-owned, Sunshine-Jr. is progressively obtaining ownership of its stores' gasoline installations. A total of nineteen installations were added to the Company-owned inventory by new store openings, addition of equipment to existing stores and purchase of supplier-owned equipment. Eighty-seven percent of the Jr. Food Stores contain gasoline installations, 19% of which are now Company-owned.

During 1981, with the passing of our Chairman of the Board, L. D. Lewis, an era in the history of Sunshine-Jr. has come to a close. The Company, however, remains firmly dedicated to the operations and management procedures he instituted. In his absence, the Board has elected Leona J. Lewis, his wife and co-founder of the Company, to serve as a director. Harold Millis was elected as a Company Vice President early in 1981.

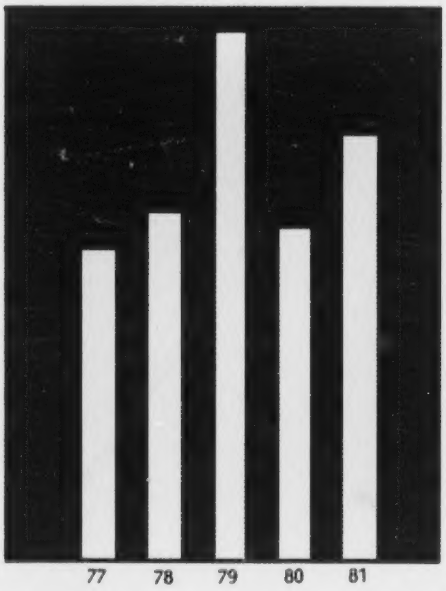
The management of Sunshine-Jr. plans no long-term debt for the Company unless our cash position changes or if a beneficial acquisition were to be considered. We at Sunshine-Jr. are proud of our financial position and the profit picture of our corporation for 1981. Our goal in 1982 is to maintain our positive gains against continuing inflation through constant analysis of our operations and by stressing increased efficiency in production.

Sincerely,

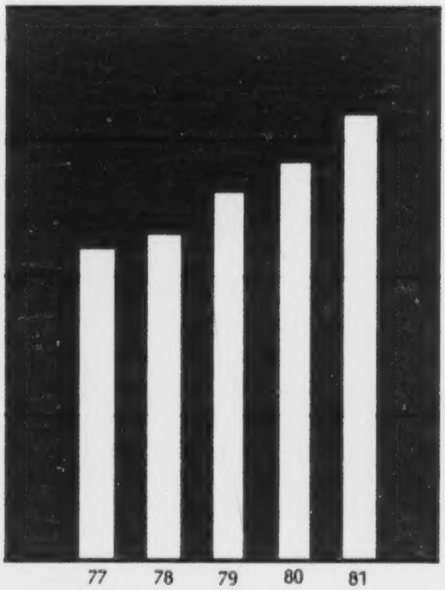
James E. Lewis Jr.

James E. Lewis, Jr.
President

March 2, 1982



Earnings Per Share



Stockholders' Equity
(millions of dollars)

Excerpt from the Annual Report of Sunshine Jr.

Management's Discussion and Analysis of Financial Condition and Results of Operations

In 1981 net income increased 36% over 1980 and decreased 17% from 1979. Funds of $3,358,479 were generated from operations. Funds applied exceeded funds generated by $107,262. However, funds generated plus funds brought over from prior years, were sufficient to meet capital expenditures and operating needs.

Results of Operations

Approximately 33% of the 1981 sales increase was due to increased selling prices. The remaining increase in sales was primarily due to our expansion program. There was a net gain in the number of convenience stores of 20 in 1979, 17 in 1980, and 1 in 1981. Gasoline facilities were added to the convenience stores which totaled 307 out of the 354 stores at the end of 1981.

A significant factor in sales growth was a sharp increase in gasoline sales from $42,657,131 in 1979 to $66,970,110 in 1980 to $85,875,774 in 1981.

Cost of goods sold increased as a percentage of sales from 78.06% in 1979 to 81.19% in 1980 to 82.44% in 1981. These increases were due to gasoline sales at lower margins being a greater portion of total sales. Cost of goods sold of grocery sales as a percentage of grocery sales has remained relatively unchanged in the last three years. Also, the Company changed from first in, first out, (FIFO) method of determining the cost of inventories to the last in, first out (LIFO) method in 1980. Cost of goods sold as a percentage of sales on the FIFO method in 1981 would have been 82.14% and 80.63% in 1980.

Selling, general and administration expenses increased 8% in 1981 over 1980 and 19% in 1980 over 1979. These increases are due in part to the operation of additional stores and in part to increased prices of goods and services necessary to the operation of the business. Utilities increased 10% in 1981 and 20% in 1980, depreciation and amortization increased 19% in 1981 and 11% in 1980 and rent increased 7% in 1981 and 13% in 1980. Salaries and wages increased 5% in 1981 and 19% in 1980 due in large part to the increase in minimum wage rates which had a rippling effect throughout our wage schedules.

Effective tax rates were 43.49% in 1981, 40.62% in 1980, and 45.64% in 1979. The differences are primarily due to differences in the amounts of tax credits available.

Liquidity

The ratio of current assets to current liabilities was 1.58 at the end of 1981, 1.65 at the end of 1980, and 2.07 at the end of 1979. While the Company has no commitment from any financial institution for a line of credit, it is anticipated there would be no difficulty in borrowing needed funds in view of the fact that the Company has no long term debt other than capital lease obligations. The Board of Directors has tentatively approved a budget for capital expenditures for 1982, which would exceed expected internally generated funds by approximately $800,000. However, this budget will be held in abeyance until funds at reasonable rates are available. In view of the above facts, no liquidity problems are anticipated.

Impact of Inflation and Changing Prices

The Company is continually seeking ways to cope with the effect of inflation. In 1980, the Company changed to the last-in, first-out method of determining the cost of inventories which eliminated much of the effect of inflation on its financial statements. To the extent permitted by competition the Company passes increased costs on by increasing its selling prices.

The charges to operations for depreciation represent allocation of historical costs over estimated useful lives of the assets and are significantly less than if they were based on current costs of the assets being depreciated. These assets will be replaced at higher costs but this will take place over many years.

Present tax laws do not allow deductions of adjustments for the impact of inflation. For that reason taxes on income, in real terms, exceed statutory rates and to that extent results in a tax on shareholders' investment.

Historical Summary: Conna Corporation

Data Taken from the Annual Report
and 10K for the Year Ended 5/30/82

Inventory Accounting: FIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
	Year Ended											
	5/31/71	5/28/72	5/27/73	5/26/74	5/25/75	5/30/76	5/29/77	5/28/78	5/27/79	5/25/80	5/31/81	5/30/82
CONNA CORPORATION **Louisville, Kentucky**												
Number of Stores	137	141	167	174	218	252	269	285	316	336	416	434
Store Growth in Year	−15	4	26	7	44	34	17	16	31	20	80	18
Store Days	50,005	50,874	56,223	62,236	71,334	87,202	98,432	100,828	109,382	118,664	139,456	154,700
Sales per Day	$877	$847	$940	$912	$947	$911	$1,052	$1,200	$1,431	$1,538	$1,589	$1,535
Sales Growth $DPD	$+163	$−30	$+93		$+35	$−36	$+141	$+148	$+231	$+107	$+51	$−54
Pretax Profit $DPD	$2.04	$12.67	$14.62	$18.60	$18.96	$15.77	$14.59	$19.96	$25.56	$40.04	$23.18	$16.42
After Tax Profit $DPD	$1.02	$6.33	$7.31	$10.23	$9.50	$8.55	$7.96	$11.38	$13.92	$21.21	$13.96	$10.55
Store Closures	30	3				4	17	8	7	8	7	8
Gasoline Units	68	70	74	74	78	101	142	173	218	248	314	309
$DPD Ranking	9/10	7/10	6/10	9/13	8/13	10/13	10/13	9/13	7/13	6/13	8/12	10/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 434 food stores on May 30, 1982, of which 359 are franchised stores and 75 are company-operated stores in fourteen states.

1. The annual report states that sales were $443,149,000 for the year. We have deducted gasoline sales of $190,139,000 and dairy sales of $15,544,000 to arrive at store sales of $237,466,000.
2. Store Days:
   Store days of stores open all year 416 x 364 = 151,424
   Store days of new stores figured for ½ year only 18 x 182 = 3,276
   Total Store Days 154,700
3. Sales per Store per Day:
   Sales of $237,466,000 divided by 154,700 store days equals average sales of $1,535 per store per day for the year.
4. Pretax Profits:
   The company is primarily engaged in franchising and operating convenience food stores. It also sells gasoline, wholesales dairy products, wholesales tobacco and sundries, finances franchisees, and tries other new ventures. Some sales are made to non-franchisee stores and customers. These sales are not substantial in relation to the main activities of the company. This year subsidiary activities decreased corporate profit by $200,000. For simplicity, we have included all pretax profit from all activities in figuring pretax profits for this company. The annual report states that total pretax profit was $2,541,000. Total pretax profit has been divided by 154,700 store days to arrive at a pretax profit of $16.42 per store per day.
5. After Tax Profit:
   The annual report states that total after tax profits were $1,632,000. Total after tax profits have been divided by 154,700 store days to arrive at an after tax profit of $10.55 per store per day.
6. Gasoline sales are not included in store sales shown since 1974.

TO OUR SHAREHOLDERS

Your company achieved record sales in fiscal 1982, as the Financial Highlights on the opposite page show. But several factors prevented us from gaining record earnings.

We were certainly affected by the severity of the recession and its impact on retail sales. Store sales growth did not keep pace with inflation. Franchise fees on sales rose slower than accompanying costs to service the stores. Our gasoline business increased in total gallons sold but maintained level operating profits.

Our basic businesses are strong. Our Convenient Industries subsidiary has added nearly 100 stores in two years. More stores are planned where we already operate and we will seek acquisitions in or near these regions. Remote Services has a time-tested, efficient distribution system in operation to provide gasoline to self-service customers at competitive prices.

Gasoline's impact is plain. Just two years ago, gasoline gross profit margins were 5.7 percent. This year, margins dropped to 3.3 percent.

Earnings growth was hampered by the lackluster performance of our 26 Petco gasoline outlets and 16 food stores that are centered in Vermont. To tighten control, Petco store supervision was transferred from our gasoline subsidiary to our food mart subsidiary. Petco stores will achieve profit goals or be sold.

We could have sacrificed long-term growth for short-term gains by delaying investment in new ventures. We devoted approximately 12 cents per share of earnings to develop retail and commercial electronic information systems and for other new ventures.

These systems, more fully described on page 6, hold substantial long-term promise. The investment is important if we are to continue to grow in an era of retailing change.

Some new ventures may not realize full potential. One such is Viio Marketing, which we formed to distribute a unique line of work clothes. If test marketing indicates our funds could be better employed elsewhere, we will discontinue Viio.

Joe P. Peden

Robert T. Johnson

Harlin D. Peden

On August 1, 1982, Harlin D. "Don" Peden, a co-founder of CONNA Corporation, retired from his posts as chairman of the board and director. He has been a strong friend to us all, a convenience-industry pioneer and an inspiration to everyone who ever met him.

We established a solid presence in the Indianapolis market, a new operating area for the company. We bought a convenience store chain there, converted most of them to Convenient Food Mart stores and franchised them. We also strengthened our position in New York's Hudson Valley by converting Handy-Stop Food Shops to Convenient Food Mart stores. We have consolidated regional operations in our Hudson Valley region.

Food store operations achieved a net gain of 18 convenience stores this year. There were five fewer gasoline outlets in operation. This resulted from our sale of 16 gasoline outlets in Ohio. Nearly two-thirds of our gasoline outlets are in Kentucky and Indiana. We are concentrating on gasoline growth from this core area.

Due to our low base operating costs, a small improvement in gasoline profit margins would produce a sizable increase in earnings. Early in fiscal year 1983, those margins were improving.

Whether the improvement in gasoline margins continues or not, development of our electronic systems could contribute to earnings in the next few years. Our involvement with British Petroleum in the development of Australian convenience stores should have a positive impact on future earnings.

Your company accomplished seven consecutive years of record earnings before we leveled off in fiscal 1981. We intend to return to record achievements. Our confidence is shown by the company's stock cash dividend rate, which has been increased each year since the first payment in 1975.

Sincerely,

Joe P. Peden

Joe P. Peden
President, Chief Executive Officer
August 12, 1982

Robert T. Johnson

Robert T. Johnson
Executive Vice President, Chief Operating Officer

Excerpt from the Annual Report of Conna

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

For the 52-week fiscal year ended May 30, 1982, operating revenues increased seven percent to $252.2 million as compared to $234.9 for the 53-week prior year. Net earnings declined 16 percent for the current year to $1.6 million.

Fiscal 1981 net earnings of $1.9 million were 23 percent less than the record levels of fiscal 1980. Operating revenues for 1981 were up 68 percent over the $139.6 million recorded in 1980. The comparisons to fiscal 1980 must be viewed in perspective to the unusually high gross profit achieved in the gasoline retailing segment of the Company in that year.

The following tables set forth the respective contributions of each segment of the Company to revenues and operating profits (earnings before interest expense and income taxes) for the last three years:

Operating Revenues

(in millions)

	1982	**Percent of Total**	1981	Percent of Total	1980	Percent of Total
Gasoline Retailing	**$190.1**	**75.4**	$182.1	77.5	$107.8	77.2
Food Mart Stores	**46.3**	**18.3**	37.5	16.0	18.6	13.3
Dairy Products	**15.5**	**6.2**	14.8	6.3	13.1	9.4
Corporate and Other	**.3**	**.1**	.5	.2	.1	.1
TOTAL	**$252.2**	**100.0**	$234.9	100.0	$139.6	100.0

Operating Profits

(in millions)

	1982	**Percent of Total**	1981	Percent of Total	1980	Percent of Total
Gasoline Retailing	**$ 2.0**	**54.1**	$ 1.8	41.8	$ 3.2	60.4
Food Mart Stores	**1.6**	**43.2**	2.0	46.5	1.9	35.8
Dairy Products	**.3**	**8.1**	.2	4.7	.2	3.8
Corporate and Other	**(.2)**	**(5.4)**	.3	7.0	—	—
TOTAL	**$ 3.7**	**100.0**	$ 4.3	100.0	$ 5.3	100.0

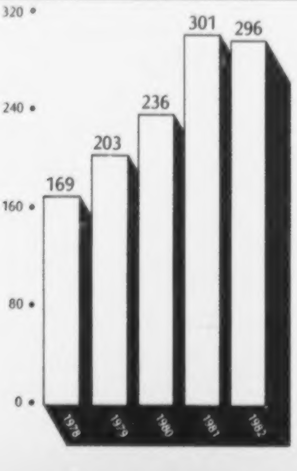
Gasoline Retailing

Net sales from gasoline retailing have increased at a compound annual growth rate of 46 percent for the last three years. This growth is attributable primarily to the increased number of outlets and to the higher retail prices for gasoline. The average number of gallons sold per unit has also increased over the three-year period, although there were slight declines in 1980 and 1982, when compared to the prior year.

The following table shows the increase in gasoline revenues by its various components:

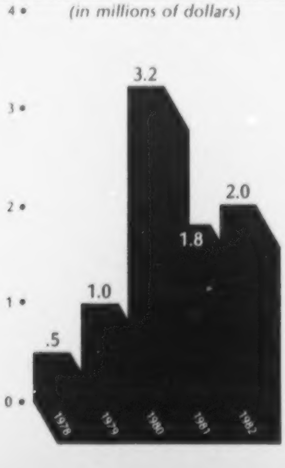
	1982	1981	1980
Total year-to-year increase in gasoline revenues	**4.4%**	68.9%	75.9%
Increases due to:			
Higher selling prices	**.9%**	25.8%	64.6%
Increase in average number of units open	**8.3%**	32.3%	17.2%
Effect of 53-week year in 1981	**(3.1)%**	3.1%	—
Increase (decrease) in average gallons sold	**(1.7)%**	7.7%	(5.9)%
Total Increase	**4.4%**	68.9%	75.9%

Gasoline Outlets



Gasoline Operating Profit

(in millions of dollars)



The operating profits realized from gasoline retailing have grown at a compounded annual rate of 25 percent over the last three years, despite the recent decreases from 1980 levels. The 1980 profit levels were unusual because of the nationwide shortages experienced during that year, a situation that has reversed dramatically. The current fiscal year was one of worldwide oversupply of petroleum products, declining consumption, and erratic price changes.

During the last two fiscal years, gross profit per gallon sold has decreased because of this changing environment. This decrease has been offset partially by increases in gallons sold and strict attention to operating expenses. Contributing to the decrease were the Company's gasoline outlets in Vermont, acquired in fiscal 1980, which have operated at a loss.

In the fourth quarter of the current fiscal year, 16 gasoline locations in Ohio were sold to the convenience store franchisee for which the outlets were provided. A pre-tax gain of approximately $420,000 was realized on the sale.

Food Mart Stores

Revenues of food mart stores consist primarily of sales by company-owned Convenient Food Mart stores (CFM) and continuing franchise fees from the CFM franchisees. Revenues of the food mart segment have increased from $18.7 million in 1980, to $37.5 million and $46.3 million in 1981 and 1982 respectively.

The increased revenues were derived mainly from the increased number of company-owned locations. Continuing franchise fees also have increased, as shown in the following table:

Revenues From Food Mart Stores

	1982	1981	1980
		(in millions)	
Sales by company-owned Convenient Food Mart stores	**$29.4**	$22.7	$ 6.7
Continuing franchise fees	**8.8**	8.4	7.2
Other income (including Petco sales)	**8.1**	6.4	4.8
Total Revenues	**$46.3**	$37.5	$18.7

The Company also operates 14 and franchises two food marts under the Petco name. These stores are secondary to the gasoline outlets and are shown separately from the CFM results above.

Revenues have increased in proportion to the increased number of stores, both company-owned and franchised. Changes in the number of Convenient Food Mart stores operating each year are summarized as follows:

Number of Convenient Food Mart Stores

	1982	1981	1980
Company-owned:			
At beginning of year	**61**	17	20
New stores opened	**2**	1	2
Acquired and converted to Convenient Food Mart stores	**15**	49	1
Acquired from franchisees	**39**	20	14
Sold to franchisees	**(52)**	(20)	(15)
Closed	**(4)**	(6)	(5)
At end of year	**61**	61	17
Franchised:			
At beginning of year	**339**	319	296
New stores opened	**9**	21	25
Acquired from the Company	**52**	20	15
Sold to the Company	**(39)**	(20)	(14)
Closed	**(4)**	(1)	(3)
At end of year	**357**	339	319

During the past two years, the Company has expanded primarily by acquiring existing retail grocery operations and converting them to Convenient Food Mart stores. Most other convenience-type stores have lower volumes than a Convenient Food Mart. Our experience shows that a period of time is necessary to build the sales up to the Company's average. During the conversion period, company-owned stores do not produce significant operating profits and, when franchised, do not initially contribute the average amount of franchise fees. Future operations will benefit from these acquisitions and sales.

In each of the past two years, mature stores (those operating for at least two full years) have increased their average weekly sales, but have not kept pace with the rate of inflation in the product mix. Accompanying costs have risen faster, thus resulting in lower operating profits. These factors, combined with the acquisitions mentioned previously, were the main reasons for the decline in operating profits from $1.9 million in 1980 to $1.6 million in 1982.

Historical Summary: Munford, Inc.

Data Taken from the Annual Report
for the Year Ended 12/31/81

Inventory Accounting: FIFO

	1st Survey	2nd Survey	3rd Survey	4th Survey	5th Survey	6th Survey	7th Survey	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
							Year Ended					
	1/2/71	1/1/72	12/28/72	1/3/74	1/2/75	1/1/76	12/30/76	12/29/77	12/28/78	1/3/80	1/1/81	12/31/81
MUNFORD, INC. **Atlanta, Georgia**												
Number of Stores	928	959	1,057	1,246	1,348	1,408	1,310	1,351	1,211	1,184	1,119	987
Store Growth in Year		31	98	189	102	60	–98	41	–140	–27	–65	–132
Store Days	338,720	344,393	364,896	427,301	472,108	501,592	476,840	484,302	440,804	439,264	407,316	383,292
Sales per Day	$307	$335	$357	$404	$423	$414	$442	$437	$529	$586	$669	$738
Sales Growth $DPD		$+28	$+22	$+47	$+19	$–9	$+28	$–5	$+92	$+57	$+83	$+88*
Pretax Profit $DPD	$5.86	$8.88	$8.98	$10.04	$12.01	$11.11	$5.14	$–9.42	$–.78	$2.22	$–9.59	$6.85
After Tax Profit $DPD	$2.90	$4.80	$5.14	$5.69	$6.68	$6.23	$3.67	$–	$–	$1.34	$–	$4.72
Store Closures							112	Not given	–273	–119	Not given	–155
Gasoline Units		58	149	245	266	293	350	500+	512	555	543	471
$DPD Ranking	8/10	9/10	10/10	13/13	10/13	12/13	13/13	13/13	13/13	13/13	12/12	11/11

BASIS FOR PROFIT PER DAY DETERMINATION

Operated 987 Majik stores in fourteen states on December 31, 1981. In addition, there were 96 franchise stores in operation. The company also operates other divisions with total sales of $38,000,000.

1. Sales:
   The annual report states that Majik Market Store sales were $301,000,000, of which $18,000,000 was gasoline sales. Store sales were thus $283,000,000.
2. Store Days:
   Store days of stores open all year 987 x 364 = 359,268
   Store days for net closed stores figured for ½ year only 132 x 182 = 24,024
   Total Store Days 383,292
3. Sales per Store per Day:
   Sales of $283,000,000 divided by 383,292 store days equals average sales of $783 per store per day for the year.
4. Pretax Profit:
   The annual report states that the operating income from food store sales was $4,775,000. This was before interest expense for the company of $4,301,000. Even though a 10K states 89% of company sales are from the convenience store business, we have again taken the charitable approach and have only deducted 50% of the interest expense. When you deduct this $2,150,500 from the convenience store operating profit, you obtain a convenience food store profit of $2,624,500. This profit of $2,624,500 divided by 383,292 store days equals a pretax food store profit of $6.85 per store per day.
5. After Tax Profit:
   Corporate after tax profits are 68.98% of the pretax profits. After tax small store profits of $1,810,035 have been divided by 383,292 store days to arrive at an after tax profit of $4.72 per store per day.
6. Stores open 24 hours a day: 551 stores or 56% of all units.
7. Gasoline sales not included in store sales computations.
8. Stores closed in the five years ended 12/31/81: 652 stores.

*Sales growth as recomputed after adjusting last year's average sales to $650 to account for store closures.

Excerpt from the Annual Report of Munford

To Our Shareholders:

Stephen N. Danneman, Dillard Munford and Russell C. Fellows

1981 was a great year for Munford, Inc., and a most satisfying one for its management. It is a real pleasure to report that the Company achieved record results in sales and profits for the year. The REFRIGERATED WAREHOUSES and the WORLD BAZAAR® Division turned in all-time record performances and the MAJIK MARKET® Division, which has undergone major changes, responded with an excellent performance.

The combined operating results of the three divisions, without consideration of asset gain, reached an all-time high. 1981 was also a momentous year for the Company as it took a major step at the year-end, in the formation of a new company, MRW, Inc.

Net revenues from continuing operations were $338,920,000 up $37,318,000 or 12.4%, compared to $301,602,000 for 1980. In the 1980 Annual Report to Shareholders it was reported by the management that the MAJIK MARKETS would "not be a burden anymore on the Company." It is extremely satisfying to be able to report to you that the effort of the MAJIK MARKET Division management has produced excellent results, but still not what is possible from this division. On a segment basis, the MAJIK MARKET Division, under the supervision of President Russell C. Fellows, produced $4,775,000 operating income compared to a loss of $1,169,000 in 1980. This significant change also generated a positive cash flow from the MAJIK MARKET Division.

At the year-end the Company was operating 987 MAJIK MARKETS in 14 states. In addition there were 96 franchise stores in operation. This represents a net reduction of 132 company stores during 1981 as the Company continued to weed out those stores which were not positive cash contributors. In 1981 the Company sold 27 stores in areas where it was felt that the represented assets could be more effectively utilized in other aspects of the Division. The Company also opened 23 new stores in areas where more intense market penetration presented greater market opportunities.

It is felt that 1982 will see continued growth in the development of the MAJIK MARKETS profitability as the assets of this division are more finely tuned to opportunities in the market place.

The WORLD BAZAAR and REFRIGERATED WAREHOUSE Divisions, under the direction of Stephen N. Danneman, Executive Vice President, reported both record sales and earnings in 1981.

The WORLD BAZAAR Division in 1981 signaled its coming status as a rival to the REFRIGERATED WAREHOUSE Division as the top cash and profit contributor among the Company's operations. The revenues in the WORLD BAZAAR Division were $36,677,000 for 1981, up $9,057,000 or 32.8% over 1980 and segment operating income was $3,316,000 in 1981 up 27.4% from the $2,602,000 recorded in 1980. The WORLD BAZAAR Division now operates in 26 states, with 179 units, 72 of which are franchised. The WORLD BAZAAR Division not only has developed into a leader within the Company, but also as a respected leader in this industry of specialized retailing. Combined franchise and company stores operations should result in approximately $100,000,000 in revenues in 1982. The Division has out-performed, over the last five years, all of its major competitors and retailers in general, as well as speciality retailers. WORLD BAZAAR maintains a world-wide, integrated operation which provides superb quality merchandise at low cost from a network of foreign vendors and manufacturing facilities. In addition the Company owns and operates a modern rattan furniture factory in Bangkok, Thailand and intends to open several other foreign operations in the next two years for the manufacture or assembly of merchandise.

It is significant to note that WORLD BAZAAR had the ability to maintain increased performance in 1981 under such adverse economic times. It is believed that the concept of providing imported craft and furniture items at a low cost to the consumer will continue to be an important factor of the retailing market and that WORLD BAZAAR will continue its record growth to maintain its dominance in this field. In 1982 the Company plans to continue its accelerated expansion program, which produced 31 stores in 1981.

The REFRIGERATED WAREHOUSE Division of the Company was again the Company's principal profit contributor in 1981. Its revenues rose $1,283,000 or an increase of 10.4% over 1980 and profits rose 13.0% in this Division over 1980. At year-end 1981, the Company, along with two other companies, transferred its warehouses to a new entity known as MRW, Inc., which began operation on December 31, 1981 with 30 warehouses in the Midwest and Southeast. An investor group also participated in this transaction and as a result Munford, Inc., will own 35% of MRW, Inc., (see note 2 to the Consolidated Financial Statements) and will receive $7,400,000 in cash.

The new entity, MRW, Inc., will provide refrigerated warehouse sevices to customers desiring the distribution of their refrigerated product throughout the United States. With over 40,000,000 cubic feet of refrigerated space in existance and 5,000,000 under construction, the company will be a dominant force in the storage and distribution of frozen foods. The new company will be in a position to offer its frozen food processing customers even better service through more strategically located facilities as well as a more varied type of refrigerated space. The new company will be domiciled at Munford, Inc.'s headquarters in Atlanta, Georgia with Stephen N. Danneman its President and Dillard Munford the Chairman of the Board. Administrative services for the new company will be furnished by Munford, Inc., on a fee basis. Munford, Inc's share in MRW, Inc., is projected to produce equivalent or better earnings than those resulting in 1981 from the REFRIGERATED WAREHOUSE Division of the Company. In addition, MRW, Inc., is a well financed company capable of pursuing expansion and acquistion opportunities far superior to that which any of the individual companies had the ability to do on their own. As was previously reported to you the Company received in addition to the cash and stock in MRW, Inc., the right to sell its 35% ownership in part or all, in MRW, Inc., at a purchase price not to be less than $22,600,000 for all. It is believed that this transaction further exemplifies the underlying value of your stock holdings with Munford, Inc. and the security of your investment.

You are invited to examine closely the balance sheets of Munford, Inc. The financial position of the Company has never been stronger. The Company continues to minimize its interest expense with practically no short-term borrowings in the last 18 months. There is no general unsecured long-term debt, and only capitalized lease and mortgage debt appear as long-term debt.

At Munford, Inc. asset management is "the name of the game." You can rest assured in this period of high interest rates that the management of the Company, while looking to the future and the expansion of the Company, as opportunities arise, will exercise prudent trusteeship of your investment dollar.

It is believed that 1982 will be a year in which the Company will solidify the gains made in 1981 and move forward on a steadily increasing earnings basis. The management is in place, the liquid assets are available, and the opportunity is present to accomplish this goal.

Russell C. Fellows
President

Dillard Munford
Chairman of the Board

Stephen N. Danneman
Executive Vice President

Management's Discussion and Analysis of Financial Condition and Results of Operations

MUNFORD, INC. AND SUBSIDIARIES

Profitability ratios. The Company believes that the following ratios measure the operating performance by the major segments of the Company's business:

	1981	1980	1979
Return on sales:			
Convenience Food Stores	**1.6%**	(.4%)	1.6%
Import Stores	**9.0%**	9.5%	9.9%
Return on assets:			
Convenience Food Stores	**7.7%**	(1.7%)	5.6%
Import Stores	**11.8%**	10.8%	9.8%

These ratios (income before interest, disposals and taxes) indicate profit contribution per revenue dollar and the return on year-end assets of each segment.

In 1981, the Convenience Food Stores segment returned to profitability. The Company continued to review and close marginal or losing units and further trimmed its operating expenses. Product lines were expanded into high volume, high margin prepared food items. A fountain drink program was instituted in 444 stores. Renegotiation of gasoline contracts at increased rates allowed pass through of increased costs. Through these steps the Convenience Food Stores segment significantly improved profitability in 1981 and the Company expects that the returns on sales and assets will continue to increase in 1982.

In 1980, the Convenience Food Stores segment had an operating loss. Due to recessionary influences, increased sales did not generate sufficient gross margin dollar increases to offset rising costs. Additionally, gasoline supply went from a scarcity in 1979 to a surplus in early 1980. The scarcity caused many units to curtail hours of operations and to reduce personnel requirements.

Results of Operations

Revenues and Operating Income. The Company's overall increase in net sales and other revenue during the past three years was affected by a decrease in units in its Convenience Food Stores segment and an increase in units in its Import Stores segment. Year-end units in operation by segment for the last three years were as follows:

	1981	1980	1979
Convenience Food Stores:			
with gasoline	**471**	543	555
without gasoline	**516**	576	555
franchised	**96**	86	81
Import Stores:			
company operated	**107**	89	73
franchised	**72**	59	61

In the Convenience Food Stores segment, the Company operated gasoline locations primarily under arrangements with Cities Service Company and Gulf Oil Corporation, whereby the Company sells gasoline owned by Cities Service and Gulf. The total retail volume of these gasoline sales was not included in the Company's revenues as under these arrangements only an operating fee is reported. In May of 1981 the Company changed arrangements on the Cities Service locations to an agreement under which the Company buys gasoline and owns inventory. Under this arrangement gasoline sales are included in revenues and product costs are included in cost of sales. As of December 31, 1981, 225 locations previously under the fee arrangement have been converted. The effect of this change was to increase revenues approximately $18,000,000 for the year.

Note 12 to the Consolidated Financial Statements discloses revenues and operating income (loss) for the Company's business segments for 1981, 1980 and 1979.

Gross Margins. The gross margins were 29.5%, 30.6% and 31.5% for 1981, 1980 and 1979, respectively. In the Convenience Food Stores segment the gross margin on food sales increased each year. However, the impact of gasoline margins, because of higher gasoline prices and change in the marketing arrangements referred to above, caused the total segment margin percentage to decrease. The Import Stores segment's gross margin percentage decreased in 1980 and increased in 1981.

Operating Expenses. Operating expenses as analyzed in this paragraph include selling and delivery expenses, general and administrative expenses and depreciation and amortization. The Convenience Food Stores segment 1981 operating expenses decreased 3.6% compared to 1980 due to a reduction in stores being operated as well as improved cost control. Operating expenses were 7.6% higher in 1980 than in 1979. Import Stores segment's operating expenses increased 35.4% in 1981 and 26.2% in 1980 compared to the prior year. These increases are attributable principally to an increased number of units being operated.

Interest Expense. Interest expense from long-term debt, capitalized lease obligations and short-term borrowings decreased $444,000 or 9.4% in 1981 and $1,175,000 or 19.8% in 1980 when compared to the previous year. Although interest rates on all three types of borrowing rose substantially over the three year period, the Company was able to reduce its average outstanding balance.

Earnings of Refrigerated Warehouse Divison. See note 2 to the Consolidated Financial Statements.

Gains and Losses on Disposal of Plant and Equipment. The Company continually evaluates the return of each operating unit. The Company sold 27 units in 1981 and closed 155 units in the Convenience Food Stores segment of its business. The sale of the 27 stores resulted in a gain. The write-off of the carrying value of obsolete and abandoned assets at existing and closed units resulted in a loss.

DATE OF RECEIPT OF ANNUAL REPORT

$DPD Profit Ranking	Company	Year Ended	Report Received
1	Shop & Go	4/02/82	7/22/82
2	Circle K	4/30/82	8/07/82
3	Southland	12/31/81	4/02/82
4	National Convenience	6/30/82	9/28/82
5	Lil' Champ	5/01/82	8/09/82
6	Dillon	7/03/82	9/21/82
7	Li'l General	12/26/81	3/26/82
8	Mini Mart	8/31/81	2/06/82
9	Sunshine Jr.	12/31/81	4/23/82
10	Conna	5/30/82	9/18/82
11	Munford	12/31/81	4/01/82

This report covers the latest fiscal year reported by each of the chains. Years included in the survey range from Mini Mart's fiscal year ending August 31, 1981, to National Convenience Stores' fiscal year, which ended June 30, 1982. The annual reports for these years were received by the stockholders on February 6, 1982, for Mini Mart and on September 28, 1982, for National Convenience. This schedule shows the date each company's fiscal year ended, as well as the date the reports were received by the stockholders.

DOLLARS PER DAY SURVEY - FIRST ANNUAL REPORT 1972
Convenience Store Industry Ranked By Profit Per Day

Company	Year Ended	Stores	Store Days	Convenience Store Sales	Avg. Sales Per Day Per Store	Pretax Profit	After Tax Profit	After Tax Profit as % of Sales	Profit Per Day Pretax	Profit Per Store After Tax
Circle K	4/30/71	536	175,074	$ 93,607,624	$535	$ 5,846,536	$ 2,895,815	3.09%	$33.39	$16.54
Sunshine Jr.	12/31/70	98	31,766	11,753,761	370	614,711	321,494	2.73	19.35	10.12
Southland	12/31/70	3,734	1,327,056	748,949,792	564	22,757,874	11,283,353	1.50	17.15	8.50
UtoteM	2/28/71	496	167,936	65,579,870	391	2,636,864	1,276,689	1.95	15.70	7.60
Dillon	7/ 3/71	98	30,856	17,140,222	555	244,336	122,168	.71	7.27	3.95
Natl. Con.	6/30/71	487	172,113	72,000,000	418	1,220,101	760,101	1.05	7.09	4.41
Li'l General	12/26/70	497	181,405	61,721,000	340	1,152,370	576,185	.93	6.35	3.18
Jackson-Atl	1/ 2/71	928	338,720	103,900,023	307	1,985,471	981,148	.94	5.86	2.90
Con. Ind.	5/31/71	160	50,005	51,220,004	877	33,300	24,600	.05	2.04	1.02
Stop-N-Go	7/1/71	140	48,188	23,757,906	493	(45,058)	(23,058)	(.97)	(.94)	(.48)
Totals		7,151	2,523,119	$1,249,660,202	$495	$36,446,505	$18,218,495	1.45%	$14.45	$ 7.22

DOLLARS PER DAY SURVEY - SECOND ANNUAL REPORT – 1973
Convenience Store Industry Ranked By Profit Per Day

Company	Year Ended	Stores	Store Days	Convenience Store Sales	Avg. Sales Per Day Per Store	Pretax Profit	After Tax Profit	After Tax Profit as % of Sales	Profit Per Day Pretax	Profit Per Store After Tax
Circle K	4/30/72	678	221,626	$ 128,984,052	$582	$ 7,334,224	$ 3,928,226	3.04%	$33.09	$17.72
Sunshine Jr.	12/31/71	115	38,881	15,167,194	390	795,807	429,735	2.83	20.46	11.05
UtoteM	2/29/72	602	200,934	82,415,786	410	4,049,286	2,227,107	2.70	20.15	11.08
Southland	12/31/71	4,114	1,432,450	856,169,721	598	27,720,217	14,275,361	1.67	19.35	9.97
Natl. Con.	6/30/72	529	185,441	90,140,000	486	2,529,000	1,390,950	1.54	13.63	7.50
Dillon	7/ 1/72	123	40,222	25,803,447	642	572,596	285,798	1.10	13.05	7.11
Con. Ind.	5/31/72	141	50,874	49,931,737	847	528,000	290,400	.58	12.67	6.33
Li'l General	12/25/71	510	183,784	63,251,000	344	1,848,470	924,235	1.46	10.06	5.03
Munford	1/ 1/72	959	344,393	115,465,188	335	3.057,421	1,656,213	1.43	8.88	4.80
Stop-N-Go	6/29/72	123	45,018	27,449,898	610	214,933	114,933	.42	4.77	2.55
Totals		7,894	2,743,623	$1,454,778,023	$530	$48,648,954	$25,522,958	1.75%	$17.73	$ 9.30

DOLLARS PER DAY SURVEY - THIRD ANNUAL REPORT 1974
Convenience Store Industry Ranked By Profit Per Day

Company	Year Ended	Stores	Store Days	Convenience Store Sales	Avg. Sales Per Day Per Store	Pretax Profit	After Tax Profit	After Tax Profit as % of Sales	Profit Per Day Pretax	Profit Per Store After Tax
Circle K	4/30/73	826	274,554	$ 161,407,689	$588	$ 8,605,929	$ 4,507,929	2.79%	$31.35	$16.41
Dillon	6/30/73	160	51,666	34,255,130	663	1,257,714	628,857	1.83	24.35	12.17
UtoteM	2/28/73	703	238,213	100,000,144	420	5,083,610	2,694,313	2.69	21.34	11.31
Southland	12/31/72	4,455	1,564,013	1,049,101,871	671	31,866,950	16,495,838	1.57	20.38	11.09
Sunshine Jr.	12/31/72	144	47,397	19,551,693	413	962,162	509,945	2.60	20.30	10.75
Con. Ind.	5/27/73	163	56,223	52,864,738	940	596,000	327,800		14.62	7.31
Natl. Con.	6/30/73	646	214,496	113,205,563	528	2,864,171	1,764,171	1.55	13.35	8.22
Stop-N-Go	6/28/73	125	45,261	31,548,858	697	550,338	283,338	.89	12.16	6.26
Li'l General	12/30/72	507	188,604	72,891,000	386	2,135,270	1,067,635	1.46	11.32	5.66
Munford	12/28/72	1,057	364,896	130,384,354	357	3,278,780	1,877,481	1.43	8.98	5.14
		8,790	3,045,323	$1,765,211,423	$579	$57,200,924	$30,157,307	1.75%	$18.78	$ 9.90

DOLLARS PER DAY SURVEY - FOURTH ANNUAL REPORT 1975
Convenience Store Industry Ranked By Profit Per Day

Company	Year Ended	Stores	Store Days	Convenience Store Sales	Avg. Sales Per Day Per Store	Pretax Profit	After Tax Profit	After Tax Profit as % of Sales	Profit Per Day Pertax	Profit Per Store After Tax
Shop & Go	3/31/74	170	55,498	$ 35,922,723	$647	$ 2,789,108	$ 1,420,125	3.95%	$50.26	$25.59
Li'l Champ	4/27/74	80	25,378	12,822,449	505	1,043,315	541,950	4.23	41.11	21.36
Circle K	4/30/74	947	323,633	191,639,986	592	8,931,084	4,751,084	2.48	27.59	14.68
UtoteM	2/28/74	762	267,392	12,892,732	452	6,306,140	3,405,316	2.82	23.58	12.73
Hop-In	6/30/74	27	8,945	6,775,670	757	187,659	119,534	1.76	20.97	13.36
Southland	12/31/73	4,801	1,689,393	1,103,227,100	653	34,875,261	17,695,921	1.27	20.64	10.47
Sunshine, Jr.	12/31/73	179	58,965	25,783,848	437	1,210,073	641,339	2.49	20.52	10.88
Stop-N-Go	6/27/74	144	49,102	38,914,172	793	997,859	504,859	1.30	20.32	10.28
Con. Ind.	5/26/74	174	62,236			1,158,000	636,900		18.60	10.23
Dillon	6/29/74	182	62,244	42,570,972	684	991,309	539,768	1.27	15.92	8.67
Natl. Con.	6/30/74	808	265,436	146,029,000	550	3,795,000	2,236,000	1.53	14.30	8.42
Li'l General	12/29/73	527	188,715	82,366,000	436	2,555,300	1,277,650	1.55	13.54	6.77
Munford	1/ 3/74	1,246	427,301	198,523,846	404	4,289,435	2,430,042	1.22	10.04	5.69
Totals		10,047	3,484,238	$2,005,468,498	$586	$69,129,543	$36,200,488	1.77%	$19.84	$10.38

DOLLARS PER DAY SURVEY - FIFTH ANNUAL REPORT 1976
Convenience Store Industry Ranked By Profit Per Day

Company	Year Ended	Stores	Store Days	Convenience Store Sales	Avg. Sales Per Day Per Store	Pretax Profit	After Tax Profit	After Tax Profit as % of Sales	Profit Per Day Pretax	Profit Per Store After Tax
Li'l Champ	5/ 3/75	94	32,270	$ 17,447,409	$541	$ 1,178,177	$ 621,543	3.56%	$36.50	$19.26
Shop & Go	3/31/75	240	74,860	49,967,000	667	2,718,806	1,437,009	2.88	36.31	19.19
Sunshine Jr.	12/31/74	215	71,923	36,485,504	507	2,214,055	1,173,446	3.21	30.78	16.31
Hop-In	6/30/75	36	11,502	8,778,135	763	347,617	206,726	2.36	30.22	17.97
UtoteM	2/28/75	922	307,410	153,883,813	501	7,865,006	4,247,100	2.75	25.58	13.82
Southland	12/31/74	5,171	1,820,075	1,289,000,000	708	46,326,044	23,000,246	1.78	25.45	12.64
Circle K	4/30/75	1,024	359,746	228,325,795	634	9,051,035	4,718,035	2.06	25.15	13.11
Con. Ind.	5/25/75	218	71,344	68,276,208	957	1,353,000	677,853	.99	18.96	9.50
Li'l General	12/28/74	550	196,014	93,073,758	474	2,921,742	1,460,871	1.57	14.90	7.45
Munford	1/ 2/75	1,348	472,108	199,984,440	423	5,671,129	3,151,633	1.58	12.01	6.68
Stop-N-Go	6/26/75	168	56,784	49,612,731	874	486,174	244,174	.49	8.56	4.30
Natl. Con.	7/30/75	801	292,365	196,226,000	671	1,717,000	1,259,000	.64	5.87	4.30
Dillon	6/28/75	188	67,340	50,557,217	751	(724,916)	(395,659)		(10.76)	(5.87)
Totals		10,975	3,833,741	$2,441,618,010	$636	$81,124,869	$41,801,977	1.71%	$21.16	$10.90

SIXTH ANNUAL REPORT DOLLARS PER DAY SURVEY 1977
The Small Store Industry Ranked By Profit Per Day

Company	Year Ended	Stores	Store Days	Convenience Store Sales	Avg. Sales Per Day Per Store	Pretax Profit	After Tax Profit	After Tax Profit as % of Sales	Profit Per Day Pretax	Profit Per Store After Tax
Shop-N-Go	3/31/76	285	95,160	60,780,000	$639	$ 3,135,236	$ 1,649,832	2.71%	$32.94	$17.34
Lil' Champ	5/31/75	100	35,308	18,807,395	532	1,136,851	592,056	3.15	32.19	16.76
Southland	12/31/75	5,579	1,962,079	1,434,000,000	731	58,956,501	29,418,246	2.05	30.04	14.99
Hop-In	6/30/76	76	17,538	11,466,085	653	453,562	280,562	2.44	25.86	15.99
Sunshine Jr.	12/31/75	236	82,318	43,056,065	523	2,072,296	1,089,820	2.53	25.17	13.23
Circle K	4/30/76	1,049	379,359	262,362,278	691	9,482,317	5,122,317	1.95	24.99	13.50
UtoteM	12/29/76	998	351,360	192,499,000	548	7,576,483	4,128,425	2.14	21.56	11.75
Natl. Con.	6/30/76	743	271,938	212,606,000	782	4,922,000	2,652,000	1.25	18.09	9.75
Dillon	7/ 3/76	186	69,006	57,810,661	838	1,115,002	630,311	1.09	16.15	9.13
Con. Ind.	5/30/76	252	87,202			1,376,000	745,654		15.77	8.55
Li'l General	12/27/75	561	202,202	97,092,000	480	2,720,033	1,360,016	1.40	13.45	6.72
Munford	1/ 1/76	1,408	501,592	207,602,360	414	5,575,010	3,129,510	1.51	11.11	6.23
Stop-N-Go	5/31/76	169	57,290	52,133,092	910	(31,213)	68,787		(.54)	1.20
Totals		11,642	4,112,352	$2,650,214,936	$658	$98,490,078	$50,867,536	1.92%	$23.94	$12.36

SEVENTH ANNUAL DOLLARS PER DAY SURVEY 1978
The Small Store Industry Ranked by Profit Per Day Per Store

	Company	Year Ended	# of Stores	Store Days	Convenience Store Sales	Average Sales Per Store Per Day	Pre Tax Profit	After Tax Profit	After Tax Profit As % of Sales	Profit Per Day Per Store Pre Tax	Profit Per Day Per Store After Tax
1.	Circle K	4/30/77	1,070	386,728	$302,602,439	$782	$12,911,749	$6,911,741	2.28%	$33.39	$17.87
2.	Lil' Champ	4/30/77	108	37,964	21,006,000	553	1,228,696	647,256	3.08	32.36	17.04
3.	Southland	12/31/76	5953	2,110,356	1,715,000,000	813	67,931,941	33,952,383	1.98	32.19	16.09
4.	Shop & Go	3/31/77	342	114,456	70,136,000	613	3,095,910	1,655,171	2.36	27.04	14.46
5.	Dillon	7/2/77	185	67,340	63,364,880	941	1,796,186	1,000,476	1.58	26.67	14.85
6.	National Convenience .	6/30/77	722	263,530	233,208,000	885	6,742,000	3,536,000	1.52	25.58	13.41
7.	Sunshine Jr.	12/31/76	261	90,715	53,470,953	589	2,209,054	1,175,850	2.20	24.35	12.96
8.	Hop-In	6/30/77	92	30,668	19,165,006	625	650,177	394,177	2.06	21.20	12.85
9.	UtoteM	2/28/77	965	352,225	206,041,000	585	5,220,922	2,819,296	1.37	14.82	8.00
10.	Convenient Industries .	5/29/77	269	98,432			1,436,000	783,912		14.59	7.96
11.	Mini Mart	8/31/76	122	44,286	21,286,797	480	396,051	241,069	1.13	8.94	5.44
12.	Li'l General	12/25/76	554	201,656	103,241,000	512	1,637,912	818,956	.79	8.12	4.06
13.	Munford	12/30/76	1310	476,840	210,905,100	442	2,449,020	1,747,770	.83	5.14	3.67
Totals	....		11,953	4,275,196	$3,019,427,175	$723	$107,705,618	$55,684,057	1.84%	$25.19	$13.02

EIGHTH ANNUAL DOLLARS PER DAY SURVEY 1979
The Small Store Industry Ranked by Profit Per Store Per Day

$DPD Ranking	Company	Year Ended	# of Stores	Store Days	Convenience Store Sales	Average Sales Per Store Per Day	Pre Tax Profit	After Tax Profit	After Tax Profit As % of Sales	Profit Per Store Per Day Pre Tax	Profit Per Store Per Day After Tax
1.	Dillon	7/1/78	284	82,754	$ 93,843,079*	$1,134	$ 3,438,839	$ 1,902,366	2.02%	$41.55	$22.99
2.	Circle K...........	4/30/78	1,105	396,920	283,683,000	714	15,409,000	8,189,000	2.88	38.82	20.63
3.	Southland.........	12/31/77	6,357	2,246,373	1,890,000,000	841	80,233,200	40,456,600	2.14	35.71	18.00
4.	Li'l Champ	4/28/78	122	41,860	23,006,369	550	1,399,931	777,519	3.38	33.44	18.57
5.	National Convenience	6/30/78	725	264,076	214,704,000	813	8,545,000	5,011,000	2.33	32.35	18.98
6.	Shop & Go	3/30/78	371	129,766	82,729,120	637	4,183,767	2,271,269	2.74	32.24	17.50
7.	Hop-In	6/30/78	112	37,220	24,640,507	662	1,043,174	658,474	2.67	28.02	17.69
8.	Sunshine Jr.	12/31/77	288	100,179	46,815,473	467	2,431,808	1,356,944	2.90	24.27	13.54
9.	Convenient Industries	5/28/78	285	100,828	129,600,000	1,200	2,013,395	1,147,545	.89	19.96	11.38
10.	UtoteM	2/28/78	928	338,720	221,423,000	654	6,029,594	3,432,681	1.55	17.80	10.13
11.	Li'l General	12/31/77	541	200,711	116,582,000	581	2,350,109	1,175,055	1.00	11.70	5.85
12.	Mini Mart...........	8/31/77	128	45,622	21,956,283	481	234,071	142,071	.65	5.13	3.11
13.	Munford	12/29/77	128	45,622	21,956,283	481	234,071	142,071		(9.42)	
Totals	....		12,597	4,469,331	$3,360,383,831	$ 751	$122,750,228	$66,520,524	1.98%	$27.47	$14.88

*Gasoline included in these sales

NINTH ANNUAL DOLLARS PER DAY SURVEY 1980
The Small Store Industry Ranked by Profit Per Store Per Day

$DPD Ranking	Company	Year Ended	# of Stores	Store Days	Convenience Store Sales*	Average Sales Per Store Per Day	Pre Tax Profit	After Tax Profit	After Tax Profit as a % of Sales	Profit Per Store Per Day Pre Tax	Profit Per Store Per Day After Tax
1.	Circle K	4/30/79	1,158	412,971	$ 330,159,000	$ 799	$19,628,000	$10,678,000	3.23%	$47.53	$25.85
2.	Shop & Go	3/29/79	379	136,500	93,715,984	687	5,965,639	3,087,285	3.29	43.70	22.62
3.	Dillon	6/30/79	305	107,198	143,298,176*	1,337*	4,484,469	2,575,879	1.80*	41.83	23.85
4.	Southland	12/31/78	6,599	2,364,349	2,247,270,000	950	96,433,057	48,852,986	2.17	40.79	20.66
5.	Lil' Champ	4/28/79	130	45,864	24,955,896	544	1,707,439	945,170	3.79	37.23	20.61
6.	National Convenience	6/30/79	806	268,350	246,679,510	919	9,779,000	6,005,000	2.47	36.52	22.37
7.	Convenient Industries	5/27/79	316	109,382	156,529,000	1,431	2,796,597	1,523,097	.97	25.56	13.92
8.	Hop-in	6/30/79	132	44,520	31,781,685	714	1,126,400	716,500	2.25	25.30	16.09
9.	Sunshine Jr.	12/31/78	316	110,216	51,795,784	470	2,483,717	1,373,992	2.65	22.53	12.47
10.	Li'l General	12/30/78	515	187,460	127,966,000	683	2,946,850	1,473,425	1.15	15.72	7.86
11.	UtoteM	2/28/79	934	339,812	247,825,000	729	5,117,448	3,479,492	1.40	15.06	10.24
12.	Mini Mart	8/31/78	119	43,435	24,530,000	565	109,346	72,896	.29	2.52	1.68
13.	Munford	12/28/78	1,211	440,804	233,174,000	529	(344,000)			(.78)	
Totals			12,920	4,610,861	$3,959,680,035	$ 859	$152,233,962	$80,783,722	2.04%	$33.02	$17.52

*Gasoline included in Dillon sales

TENTH ANNUAL DOLLARS PER DAY SURVEY
The Small Food Store Business Ranked by Dollars of Profit Per Store Per Day

$DPD Ranking	Company	Year Ended	# of Stores	Store Days	Small Food Store Sales	Average Sales Per Store Per Day	Sales Increase Per Store Per Day	Pretax Profit	Inventory Valuation Method	After Tax Profit	After Tax Profit As A % Of Sales	Profit Per Store Per Day Pretax	Profit Per Store Per Day After Tax
1.	Circle K	4/30/80	1,200	431,514	$ 381,203,000	$ 883	$+ 84	$ 31,703,000	FIFO	$ 16,948,000	4.45%	$73.47	$39.28
2.	Shop & Go	4/03/80	381	140,609	108,651,170	771	+ 84	8,535,351	LIFO	4,476,110	4.12	60.70	31.83
3.	National Convenience	6/30/80	817	296,192	306,929,000	1,036	+117	13,295,000	FIFO	8,050,000	2.62	44.88	27.18
4.	Lil' Champ	5/03/80	138	49,710	30,446,909	612	+ 68	2,195,618	LIFO-Gas FIFO-Stores	1,172,958	3.85	44.17	23.60
5.	Dillon	6/28/80	324	114,478	178,117,909	1,566*	+219	5,000,801	LIFO	3,133,502	1.76*	43.68	27.37
6.	Conna	5/25/80	336	118,664	182,559,000	1,538	+107	4,751,246	FIFO	2,517,246	1.39	40.04	21.21
7.	Southland	12/31/79	6,805	2,446,127	2,658,708,000	1,087	+137	93,991,938	LIFO	68,815,350	2.59	38.42	28.13
8.	UtoteM	2/29/80	927	339,282	280,296,000	826	+ 97	11,099,332	FIFO	5,721,287	2.04	32.71	16.86
9.	Sunshine Jr.	12/31/79	336	118,980	59,729,229	502	+ 32	3,691,867	FIFO	2,006,898	1.96	31.03	16.86
10.	Li'l General	12/29/79	464	168,896	141,487,000	838	+155	4,342,056	FIFO	2,171,028	1.54	25.71	12.85
11.	Hop-In	6/30/80	140	49,776	37,260,652	749	+ 35	1,193,129	LIFO-Gas FIFO-Stores	728,129	1.95	23.97	14.63
12.	Mini Mart	8/31/79	115	41,975	28,690,752	684	+119	787,684	FIFO	470,684	1.64	1[illegible].77	11.21
13.	Munford	1/03/80	1,184	439,264	257,586,000	586	+ 57	977,000	FIFO	586,590	.23	2.22	1.34
			13,167	4,755,467	$4,651,664,621	$ 978	+119	$181,564,022		$116,797,782	2.51%	$38.18	$24.56

Again, we wrote to the chains soliciting information for the survey. A copy of the letter we sent to the chains follows, as well as their replies to our letter.

Dollars Per Day Survey
391 Castle Crest Road • Walnut Creek, California 94595

October 22, 1982

Mr. John Thompson
The Southland Corporation
Box 719
Dallas, Texas 75221

Dear John:

I'm in the process of preparing the 12th Annual Dollars Per Day Survey. As you know, each year I've written the companies so they could either prepare or update the Historical and Biographical information on their firms. I appreciate your participation in the past and am asking that you once again review the material on Southland Corporation and send along any changes or modifications for inclusion in the Survey.

We are adding a new feature this year. We'd like to include any editorial comments you would like to make on the industry or on the Survey. As you know, I've sometimes been editorially critical of some facets of the industry. This feature allows you to agree, disagree, or give your viewpoint on issues affecting the industry. As in previous years, I will publish the material you submit exactly as it is received. I would ask that the submission be limited to two or three pages in length.

If you've noted any inaccuracies or misstatements in past reports, I'd appreciate notification so I can correct them in this year's issue. It's my intention to have the Survey serve as a positive force for change and improvement in this business. Your cooperation will be appreciated.

Yours very truly,

John

John F. Roscoe

JFR:klg

LIL' CHAMP FOOD STORES

LIL' CHAMP FOOD STORES, INC
POST OFFICE BOX 8989
JACKSONVILLE, FLORIDA 32239

JULIAN E. JACKSON
PRESIDENT

November 2, 1982

Mr. John F. Roscoe
Dollars Per Day Survey
391 Castle Crest Road
Walnut Creek, California 94595

Dear John:

In reply to your letter of October 22nd. I want to congratulate you on the fine job that you are doing in regards to the Dollars Per Day Survey. It is a very helpful tool as it gives us an idea of what is going on with other Convenient Store Chains such as ours.

Keep up the good work!

Best wishes and kindest personal regards,

Julian Jackson

Julian E. Jackson

JEJ/gkw

FLORIDA'S FASTEST GROWING FOOD CHAIN

THE
SOUTHLAND
CORPORATION

JOHN P. THOMPSON Chairman

November 1, 1982

Mr. John F. Roscoe
Dollars Per Day Survey
391 Castle Crest Road
Walnut Creek, California 94595

Dear John:

Thanks for the copy of the 11th Annual Dollars Per Day Survey. I, again, commend you on all the work you put into this venture. If we have any suggestions after reading it carefully, I will be in touch with you. Good luck.

Very sincerely yours,

Johnny

John P. Thompson

JPT:ml

2828 NORTH HASKELL AVENUE · BOX 719 · DALLAS, TEXAS 75221 · 214 828 7111

CONNA

CONNA Corporation
P. O. Box 35680
981 South Third Street
Louisville, Kentucky 40232
(502) 584-1281
Telex: 204182
Telecopier: (502) 584-5356

November 18, 1982

Mr. John Roscoe
Dollars Per Day Survey
391 Castle Creek Road
Walnut Creek, California 94595

Dear John:

CONNA Corporation would like to point out to Dollars Per Day Survey readers the unique nature of our operation as compared to the other companies that the survey covers. It is important that this uniqueness be explained. Without an understanding, the survey findings will mislead them to the true nature of our business.

First, CONNA is a holding company that owns several subsidiaries, including Remote Services, Inc., a self-service gasoline company; Oscar Ewing, Inc., a dairy distribution company; Convenient Industries of America, Inc., a franchising company, and other smaller holdings.

Remote Services owns gasoline dispensing equipment and inventory, located at Convenient Food Mart store locations. The Convenient franchisee is paid a commission for dispensing and collecting the money for the gasoline sales.

Oscar Ewing distributes milk, dairy products and other perishable goods to Convenient Food Mart stores and other retailers.

Convenient Industries of America franchises food store locations to owner/operators, who in turn operate these independently owned businesses with our assistance. We provide training, bookkeeping, financial counseling, supervision of store operations, advertising and other services. CIAM charges a continuing franchise fee on all sales through each store.

Convenient Industries is also in the business of buying and selling stores to franchisees. At any given time, we might have 50 or more stores in inventory. Our basic business is franchising but we do own corporate stores as a function of our continuing business.

These independently owned and franchised stores have a set of books separate and apart from CONNA. They have profit and loss statements that are not reflected in CONNA's annual statements. In any given year they may have accumulated profits that are greater or less than the profits of CONNA but they are their profits and do not show up in the comparisons that your survey finds.

Here is the uniqueness of CONNA. CONNA reports the total number of franchised and in-transit stores that fly the Convenient flag. We also report the revenue derived from the gasoline sales of Remote Services (this year it is 75.4% of CONNA's total revenue), the sales of Oscar Ewing (6.3% of total revenue) and the franchise fees and the sales of the in-transit corporately owned stores (18.3% of revenue).

In our annual statement, we also report the total system store sales for the purpose of comparing ourselves to the rest of the convenience store industry.

In our case, the Dollars Per Day Survey goes astray because it takes total store sales, divides them by the annual days of operation of both our franchised stores and our in-transit stores and then divides that number back into CONNA's operating profit -- not into the sum of the franchised store's profits, plus that of CONNA and its subsidiaries.

The conclusion of this exercise is that apples are divided by oranges to get fruit salad. It is like trying to compare the Dollars Per Day results of General Motors by taking all of the General Motors dealers and dividing their number into General Motors corporate profits.

CONNA is a service business that provides most of its services to Convenient Food Mart stores. Our bottom line is dependent on our ability to perform those services in a profitable manner. Our franchised stores are in the convenience food store business. Their success is tied to their efforts in what has become a very competitive arena. Store owners' profits and CONNA's profits are found on two different operating statements. The Dollars Per Day Survey is based on only one of these statements. The Survey lacks all of the numbers it needs to make its assumptions and comparisons valid for CONNA. If CONNA's and the franchisees profits were added together and then divided by the total operating days, the Dollars Per Day average would have been number one in the industry most of the years that the survey has been run.

I do hope these comments will enlighten Survey readers. I would be happy to discuss this in more detail in a one-on-one setting with anyone in our industry.

Sincerely,

Joe P. Peden

Joe P. Peden
President

CONNA CORPORATION

JPP:tw

DILLON COMPANIES, INC.
Box 1266/Hutchinson, Kansas 67501-0221/(316)663-6801

FRANK J. REMAR
Vice President

November 19, 1982

Mr. John F. Roscoe
Dollars Per Day Survey
391 Castle Crest Road
Walnut Creek, California 94595

Dear John:

Thanks for the reminder on getting the information to you.

Following is the updated summary for Dillon Companies, Inc:

> Dillon Companies, Inc. operates three convenience store subsidiaries in addition to the supermarket operations. The convenience store subsidiaries operate 349 stores in a five state area and comprise approximately 9% of the company's volume and 6% of profits.
>
> Kwik Shop, Inc. was incorporated in the State of Kansas in April of 1960. Kwik Shop operated stores in Kansas throughout the sixties and expanded into Nebraska and Iowa in 1968 and 1969. Self-service gasoline was added in 1972 and is now offered in the majority of the outlets. Kwik Shop operates 130 stores, of which approximately 20% are franchised, under the direction of Robert Meyers, President.
>
> Quik Stop Markets were acquired by Dillon Companies in 1970, operating stores in the San Francisco bay area. Self-service gasoline was added to their operation during 1970 and expansion into the Los Angeles market was begun in 1973. Quik Stop now has 90 franchisee-operated outlets in California with approximately half offering self-service gasoline. Gus Xepoleas is President.
>
> Time Saver Stores are the most recent addition to the Dillon "Convenience Store Family", having been acquired in February of 1978. Time Saver has 129 company-operated outlets in the greater New Orleans, Louisiana area and also offers self-service gasoline in the majority of their locations. Time Saver has added a new ice plant and a merchandise warehouse to provide additional efficiency to their operation. E. Clark Montgomery is Chairman and Henry Waguespack is President.

Sincerely,

Frank J. Remar

NCS

NATIONAL CONVENIENCE STORES
INCORPORATED

V. H. (PETE) VAN HORN
PRESIDENT

November 18, 1982

Mr. John F. Roscoe
Dollars Per Day Survey
391 Castle Crest Road
Walnut Creek, California
94595

Dear John:

Thanks for your letter of November 12, 1982. Apparently, your earlier letter got sidetracked as I have no recollection of receiving it.

Attached is an updated historical summary for your report. I have no editorial comments to make at this time.

Very sincerely,

Pete

VHVH/cgh

Attachment

P. O. Box 758 3200 Travis Houston, Texas 77001 (713) 529-5711

NATIONAL CONVENIENCE STORES HISTORICAL SUMMARY - November 1982

National Convenience Stores was incorporated in Texas in 1959 as U-Tote-M of San Antonio, Inc. Early the next year, the Company began to operate its first five stores. As of November 1982, NCS has approximately 860 stores generating annual sales volume in excess of $617 million.

During its second year of operation, the Company expanded to Southern California and increased sales to the $1 million level. In 1962, with 21 stores in operation, the Company changed its name to National Drive-In Grocery Corporation. The next year saw it expand to a third state, Nevada, and move its headquarters to Anaheim, California, a location more convenient to its west coast concentration of stores. The following year, 1964, National Drive-In Grocery Corporation liquidated its franchise agreement with U-Tote-M thereby becoming an independent company and saw sales in its 70 stores pass the $5 million mark.

Eastward expansion began in 1965 with the addition of Georgia, followed within two years by Tennessee and Mississippi. In 1965 corporate headquarters moved to Houston. By the end of its 1968 fiscal year, the Company had 300 stores in operation in six states, sales of $39 million and a new name, National Convenience Stores Incorporated.

The ten-state level was reached in 1969 when Louisiana, Kansas, Missouri, and Arizona became sites of Stop N Go and Shop N Go convenience food markets. During that year a 57 store chain was acquired bringing NCS' store total to 414 producing sales in excess of $50 million. In 1970, the Company entered the self-service gasoline business. Today, NCS is among the top 50 gasoline retailers in the country with current gasoline sales of over $202 million.

In 1972 the Company made its first public offering of 291,000 shares of common stock producing net proceeds of $4.4 million. By the end of fiscal year 1973, NCS had added Florida to its field of operations with the acquisition of the PDQ stores in West Palm Beach. Expansion into Colorado that same year brought the number of stores to 646 with annual sales of $100 million.

In 1974, NCS experienced its fastest growth, as 182 stores and one new state, Oklahoma, were added to the network, bringing stores in operation at year-end to 808 and the number of states to 13 with almost $200 million in sales. Store growth slowed in 1977 when the Company sold its operation in Kansas and Missouri, reducing its area operations to the present 11 Sunbelt states. Fiscal '77 saw average sales per store grow at twice the industry rate with an earnings per share increase of 32%, and brought a commitment to shareholders to double '77 earnings within three years which was achieved.

Expansion in 1978 and 1979 of the Company's distribution centers, fast food centers, and gasoline facilities were part of the Company's commitment to responsive marketing. This commitment resulted in a unique concept in convenience stores when NCS opened its first 3,600 sq. ft. Superstore in February 1979 in Houston. At the end of fiscal year 1982, NCS had nine Superstores in operation with plans for another six to eight per year.

The Spring of 1979 brought two significant developments to NCS. The Company was listed on the American Stock Exchange and also acquired the 85 store chain of Texas Super Duper Markets, Super Quik Incorporated, and Jay's Washaterias. The acquisition made NCS the largest operator of convenience stores in the Greater Houston area.

In October 1980 NCS completed its second public offering of 900,000 shares of common stock, resulting in net proceeds of $9.1 million. With the additional shareholders gained through this public offering, the Company was able to obtain listing on the New York Stock Exchange under the symbol NCS.

In May 1981, NCS acquired a chain of 33 stores located in Nashville and Memphis, and in August and November of the same year acquired 14 stores in Jackson, Mississippi and another eight stores in the Greater Houston area, respectively. These acquisitions significantly improved our market share position and made NCS the largest retail convenience retailer in both our Nashville and Jackson markets. Fiscal 1981 also brought the successful introduction of coin-operated electronic video games into over 600 stores and the addition of our second commissary operation in Anaheim, California.

NCS significantly increased its store base in two of our best markets, San Antonio and Houston, with the acquisition in January, 1982 of 116 stores operated under the name "Mr. M Food Stores."

In February, 1982 NCS again increased its shareholder base and strengthened its financial position by completing its third public offering. The 920,000 shares of common stock sold resulted in net proceeds of $11.1 million.

Our most recent acquisition, the six "Food and Deli" stores in Las Vegas, Nevada, was completed in October 1982. This addition brings to 30 the number of stores owned and operated in the Las Vegas market.

For your information, we've also included some statistics from the annual reports of other publicly-owned companies that operate small food stores. The annual reports of these corporations do not break out their store operations in sufficient detail to allow dollars per day analysis. These companies operate the following units:

		Number of Stores 8th Survey	Number of Stores 9th Survey	Number of Stores 10th Survey	Number of Stores 11th Survey	Number of Stores 12th Survey
Consolidated Food	Lawson's		730	722	730	700
Jewel	White Hen Pantry	216	217	234	244	262
Sigmor	Shopping Stations	200+	240	350	360	357
Marsh	Village Pantries	98	109	118	123	131
Knudsen	Hoagy's Corner	47	53	40	18	18
Ashland Oil, Inc.	Super America Save Mart			253	N/A[1]	265
Silverwood Industries Limited	Mac's			631	656	701
Fairview Limited;					36	N/A
Hop-In		112	132	140	152	158
Scot Lad	Convenient Food Mart (includes operations of 50 regional franchises)			860	N/A[1]	1,070
7-Eleven Japan Co.	7-Eleven	375[2]	591[2]	801[2]	1,040[2]	1,306[2]
Cities Service					330	350
American Financial UtoteM Corporation		928	934	927	931	949
Sun Company					1,202	1,115[3]
Atlantic Richfield AM/PM					500	685
Total Stores		1,601	2,415	4,275	5,282	6,761

1. Last year's stores are included in the total stores figure.

2. Not included in total stores.

3. Includes 308 Zippy's, 334 Fast Fares, 223 Stop & Go's, and 250 franchised Stop & Go's.

American Financial Corporation is a major diversified financial *company whose subsidiaries* engage in businesses which provide a wide range of services to meet financial needs. In the past few years, it has taken a strong ownership position in several of the *major publicly-owned small food* store chains. It has an ownership interest in UtoteM, Circle K, and National Convenience Stores.

Company	9th Survey Number of Stores	10th Survey Number of Stores	11th Survey Number of Stores	12th Survey Number of Stores	11th Survey Percent of Ownership	12th Survey Percent of Ownership
UtoteM	934	927	931	949	100%	100%
Circle K	1,158	1,200	1,194	1,211	5.2	11.7
National Convenience	806	817	832	922	21.8	23.6
Totals	2,898	2,944	2,957	3,082		

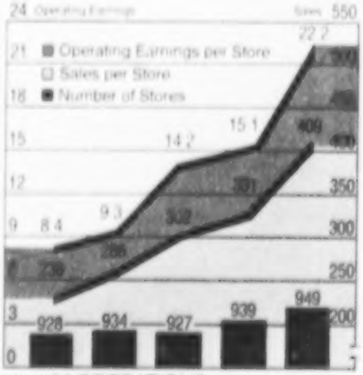
Excerpt from the Annual Report of American Financial

The Company

American Financial Corporation is a holding company with subsidiaries engaged in property and casualty insurance, life insurance and annuities, savings and loan activities and convenience stores.

The management of American Financial is distinctly profit-oriented. The primary objectives of AFC's management are earnings growth and a strong capital base for the Company.

Formed 22 years ago, American Financial today has operations throughout all 50 states and in Canada. Corporate headquarters are located in Cincinnati, Ohio.



UtoteM OPERATIONS
Thousands of Dollars

Convenience Stores

Assets at December 31, 1981	$ 164 million
Revenues in 1981	$ 388 million
Pre-tax Operating Profit before discontinued operations in 1981	$19.0 million
Number of Employees	6,000
Number of Convenience Stores	949

Operates self-service convenience retail food stores under the name UtoteM.

Major Locations (principal cities and number of stores):
- Texas (Houston, Dallas/Ft. Worth, Austin, San Antonio and other - 400)
- Arizona (Phoenix, Tucson - 108)
- Oklahoma (Oklahoma City, Tulsa - 102)
- California (Santa Ana, San Diego - 96)
- Florida (Miami - 68)
- Alabama (Birmingham, Huntsville - 72)
- Ohio/Kentucky (Cincinnati - 30)
- Kansas/Missouri (Kansas City - 31)
- Colorado (Denver - 34)
- Arkansas (Little Rock - 8)

Executive Officers:
- Fairmont Foods
  - UtoteM Convenience Stores
    - Carl H. Lindner, Chairman of the Board
    - James Williamson, Jr., President
    - James V. Kirkendall, Senior Vice President
    - Ronald F. Walker, Vice President
    - N. Ronald Adams, Vice President - Administration
    - Duane A. Baukus, Vice President - Marketing
    - Ronald L. Chaney, Vice President
    - C. James Clemens, Vice President
    - James M. Leonard, Vice President
    - James E. Richmond, Vice President and Treasurer
    - Joel A. Sterrett, General Counsel and Secretary
    - Phillip M. Dial, Controller

Excerpt from the Annual Report of Knudsen

National Fast Foods, Inc., operating a chain of delicatessen-grocery stores under the name Hoagy's Corner, posted record earnings in 1981. Improved results reflect a decision taken by management in 1979 to divest the subsidiary of marginally-profitable operations in Southern California, Nevada and Arizona and concentrate expansion in the Pacific Northwest. Seven new stores have opened in the Seattle-Tacoma area since 1979, including an outlet opened in the first quarter of 1981. All 18 Hoagy's Corners reported greatly increased levels of profitability for the year.

Excerpt from the Annual Report of Consolidated Foods

Lawsons operates approximately 700 convenience stores located in Ohio, Michigan and Pennsylvania. 1982 was the second consecutive disappointing year for Lawsons, with difficulties related to continued depressed economic conditions in the company's market area. Dollar sales per store declined slightly while costs continued to increase; the overall sales decline was intensified by reduced wholesale volume, the result of the closing of the Lawsons bakery, and the fact that fewer stores were in operation than in the previous year. Much lower operating profits from retail stores and Lawsons' dairy were only partially offset by increased contributions from warehouse distribution, so that operating income was lower than in 1981.

Lawsons is planning for improved performance next year, but the company will be far short of its historic level of profitability. Marginal operations have been discontinued and a number of unprofitable stores have been closed, so that total sales will decrease, but earnings should be higher. A full recovery is not expected until the economy in Lawsons' market area improves.

Excerpt from the Annual Report of Jewel

Convenience Stores: White Hen Pantry

White Hen Pantry increased both sales and earnings consistent with expectations. Twenty new stores opened during the year and two older stores were closed, leaving 262 units in operation at year-end. By any standard of performance, White Hen Pantry is one of the leaders in the convenience store business and an excellent contributor to Jewel's performance goals.

REVIEW OF OPERATIONS

Retail Operations

Mac's Convenience Stores, Inc.-Mac's achieved record sales of $251.8 million reflecting a 15.1% increase over 1980 sales levels in spite of the negative impact of a generally soft economic environment throughout much of 1981, principally in Ontario, the June/July Silverwood Dairies strike, and the Ontario food retail price war initiated in November 1981.

In the face of significant external negative factors, the company's 1981 profit was only marginally improved over the 1980 profit record.

Mac's ended the year with 701 stores operating in Quebec, Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia; 86 new locations were opened, 41 units were closed, for a net increase of 45 stores for the fiscal year.

FarrView Limited-The extreme economic recession in the automotive-related Michigan marketplace was the single most significant factor affecting FarrView's performance in 1981.

Sales in 1981 of $14.1 million from the 34 FarrView convenience stores reflected only marginal growth above 1980 sales levels. Static sales performance, combined with the effects of inflation on costs of operation, generated an operating loss for the year.

Hop-In Food Stores, Inc.-This convenience store chain, operating in Virginia, North Carolina and Tennessee, substantially improved its market position through calendar year 1981. Total sales increased 32.3% from $72,616,000 (Canadian) to $96,091,000 (Canadian).

Of the 158 stores in operation at year-end, 133 also retail self-service gasoline.

The full net benefit of the business building programs initiated in 1981 is expected to be reflected more significantly in Hop-In's profitability through 1982. In light of the company's performance, we continue to view the developing relationship with Hop-In as a dynamic and sound basis for future growth in the United States marketplace.

Many Village Pantry locations stay open around the clock.

Coffee and rolls for breakfast, a quick sandwich for lunch, or a snack anytime, it only takes a minute to "zip in".

Customers rely on Village Pantries for last minute party items.

Satisfied customers keep the 131 store Village Pantry Division gaining market share in the rapidly expanding convenience store industry. Village Pantry's formula for convenience includes being open when people need the service, in locations that are easy to get to, offering a fully stocked and broad product line, and providing quick and friendly checkout service. The Village Pantry store format permits Marsh to serve the needs for neighborhood groceries in the cities and to serve smaller towns where a supermarket is not economically feasible . The strong showing in sales and profitability by Village Pantry is attributed to continuous new product testing and building customer traffic through aggressive marketing programs. New products introduced last year included soft ice cream and shakes, hamburgers broiled in-store, and frozen slush drinks. Self-service gasoline is now available at 70 Village Pantry locations and over 13 million gallons were sold last year.

New strides in merchandising centered around building price image with generic foods and greater use of advertising with particular emphasis on co-op advertising that shares the cost with suppliers. And the popular deli/fast food program continued to be developed where nearly 2 million sandwiches were sold last year. Village Pantry is a concept that deserves to grow. Last year eleven new stores were opened and eight sites were in the process of being developed at the end of the year. An additional fifteen sites are being sought to fill out this year's expansion program.

The convenience of the Deli, the self-service gasoline and the complete line of grocery items make Village Pantries a popular place to stop for busy customers.

Historical Summary: 7-11 Japan Co., Ltd.

Data Taken from the Annual Report
for the Year Ended 2/28/82

	8th Survey	9th Survey	10th Survey	11th Survey	12th Survey
Year Ended			2/29/80	2/28/81	2/28/82
SEVEN-ELEVEN JAPAN CO., LTD. **Tokyo, Japan Established 1973**					
Number of Stores	375	591	801	1,040	1,306
Store Growth in Year		216	210	239	266
Store Days			254,736	335,863	428,012*
Sales per Day			$2,052	$1,905	$1,967
Sales Growth $DPD				$−147	$+65
Pretax Profit $DPD			$83.03	$85.36	$87.88
After Tax Profit $DPD			$36.86	$39.23	$38.40
Store Closures				—	
Gasoline Units				—	

BASIS FOR PROFIT PER DAY DETERMINATION (IN U.S. DOLLARS)

Operated 1,306 7-Eleven stores in Japan on February 28, 1982, of which 1,172 are franchised.

1. Total sales from all stores was $842,096,000 for the year.
2. Store Days:
   Store days of stores open all year 1,040 x 365 = 379,600
   Store days of new stores figured for ½ year only 266 x 182 = 48,412
   Total Store Days 428,012
3. Sales per Store per Day:
   Sales of $842,096,000 divided by 428,012 store days equals average sales of $1,967 per store per day for the year.
4. Pretax Profit
   The annual report states that income before taxes was $37,613,000. Pretax income of $37,613,000 has been divided by 428,012 store days to arrive at a pretax income of $87.88 per store per day.
5. After Tax Profit:
   After tax profit of $16,438,000 has been divided by 428,012 store days to arrive at an after tax profit of $38.40 per store per day.
6. Seven-Eleven Japan Co. paid Southland $5,054,000 for the year ended February 28, 1982 and $4,158,000 for the year ended February 29, 1981. This was .6% of sales in 1982 or $11.81 per store per day. It was .65% of sales in 1981 or $12.38 per store per day.
7. New stores planned this year: 300 to 350 stores.

*Last year's sales and profit figures reduced to reflect changes in last year as reported in this year's annual report.

8. One-third of the stores are open 24 hours a day.

To Our Stockholders

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Seven-Eleven Japan had a very successful year in fiscal 1982, the year ending February 28, 1982. Net sales for our convenience store chain grew by 31.6 percent to ¥202.1 billion (US$842.1 million) from ¥153.6 billion (US$39.8 million) the previous year. Net income rose by 24.8 percent to ¥3.95 billion (US$16.5 million) from ¥3.2 billion (US$13.2 million). Net income per share of common stock increased by 18.2 percent to ¥107.9 (US$0.45) from ¥91.3 (US$0.38).

The number of 7-Eleven stores reached a total of 1,306 in fiscal 1982, our eighth year in business. The addition of 266 new outlets to the 1,040 stores in operation the previous year represents a 25.6 percent increase.

Many important factors contributed to the strong gains recorded in both sales and net income. These included a steady growth in the number of 7-Eleven customers, increases in our total store network, and advances in our unit control merchandising system. A significant increase in fast food sales and measures taken to reduce delivery costs have further improved our returns.

Change and Innovation

While, in general, fiscal 1982 exhibited sluggish trends in consumption, 7-Eleven was basically unaffected. Despite poor sales in many other areas of the retail industry, consumers did not reduce their purchases of the daily necessities stocked by 7-Eleven outlets. Furthermore, we have adopted an aggressive and assertive attitude towards the problem of economic recession. Our merchandising policies are geared to the understanding that contemporary consumers are more budget and quality conscious than ever before.

It is interesting to note that although many of the large retail chain stores in Japan have attempted to penetrate the food retail industry, few have met with outstanding success. Part of the reason seems to lie with an unwillingness to depart from already established methods of operation. We, at Seven-Eleven, have always recognized the need for fresh, and often radical, ideas. Today, changes in consumption patterns occur at a more rapid pace than ever, and response to those changes must be carried out with equal swiftness.

Chairman Masatoshi Ito

One of the keys to Seven-Eleven's success has been our vigilant attention to changing trends in consumer demand. Convenience stores can no longer depend solely upon the feature of long operating hours. Growth in this area now demands that other facets of consumer convenience be served. The variety of products offered and convenience of location have taken on increasing importance as factors contributing to our strong gains. Seven-Eleven has proved itself a leader in the convenience store industry by making rapid advances in merchandising and expansion policies.

Seven-Eleven's unit control system for merchandise is one of the means by which we are able to respond promptly and efficiently to fluctuations in product flow and consumption patterns. The aim of this system is to ensure that our stores are stocked with fast moving items with proven customer popularity. At present our stores offer approximately 3,500 different products which are subject to continual assessment and reassessment. To maximize efficient use of shelf space, for example, about 1,200 items have been removed and replaced with more popular items during the second half of this fiscal year.

Through our system of unit control we are able to rationalize virtually all aspects of ordering, stocking, and distribution. Daily orders are fed into computer ter-

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President Toshifumi Suzuki

minals of our vendors (suppliers) from each 7-Eleven store terminal via our central computer, and delivery is made the following morning. At our head office, this information is also processed to produce monthly reports of Product Movement Analysis by unit and category, which clarify sales trends and assists in the maintenance of inventories. Sales advice can then be passed on to franchisees, with the result that losses are significantly reduced and fast-sellers are always maintained in adequate supply.

Advanced electronic data processing equipment is essential for the efficient functioning of Seven-Eleven's unit control system. To this end, we are planning a major improvement of the system in autumn of this year with the introduction of POS systems. In this way, an even more detailed record of product movement can be maintained.

A close watch is also kept on profit margin. Fast foods carry the highest gross profit margin of all our product categories. At 35.3 percent, this margin is substantially higher than the storewide average of 26.4 percent. Therefore, we are extremely pleased to report that in fiscal 1982, sales of fast foods increased 64.8 percent to reach the current level of approximately 14.9 percent of total sales. In the future, even greater expansion is anticipated in this area.

Looking Ahead

Thanks in part to the success of our advertising campaign, today the name Seven-Eleven has become a household word throughout many regions of the nation. We believe that our advertising outlays have led to important benefits in terms of increased public recognition and support to 7-Eleven stores.

Our store expansion policy has also contributed significantly to Seven-Eleven's identity. In the future Seven-Eleven intends to intensify this policy which is based on the establishment of concentrated clusters of stores within designated areas. Further benefits are the convenience for our customers, many of whom live within a 500-meter radius of a 7-Eleven outlet, and the drastic reduction in distribution costs.

We plan to continue expansion with emphasis on the Kanto region, the center of our operations, where there is still much room for growth. Fiscal 1982 saw the addition of 266 stores, and expansion over the next several years will take place at an even higher rate of 300 to 350 new stores per year. At the same time we are always on the lookout for ways to improve our existing stores, particularly in the areas of sales and gross profit margin.

Seven-Eleven's strength is vividly illustrated by the listing of our stock value as the highest in the First Section of the Tokyo Stock Exchange. The future is extremely promising for the company and we intend to fulfill the expectations indicated by this high appraisal of our stock value.

In closing, we would like to express our gratitude for your continued support which has been such a vital factor in the achievement of this year's outstanding results. We look forward to an even better showing in the coming year.

Masatoshi Ito

Masatoshi Ito
Chairman and Representative Director

Toshifumi Suzuki

Toshifumi Suzuki
President and Representative Director

1982 Editorial Comments

Once again I've finished the computations and completed the schedules for the annual Dollars per Day Survey of the small food store business. I've read the press releases, the trade press, the speeches before the security analysts, the quarterly reports, the proxies, the 10Ks, and the annual reports. I've had dinner with industry leaders and listened to their opinions. Then it's time to write the year's editorial comments.

Each year I set aside the last week in October for this project. Marilyn and I go to Sun Valley, Idaho, to get away from interruptions and distractions. During this week, I concentrate on what the companies have to say about themselves in their annual reports. Taken individually, the annual reports are very impressive. Taken collectively in a big dose, patterns and perceptions coalesce and give meaning to the policies that are formulated in the real world of these corporations.

Most of the companies in this industry operate in the same business and geographic environments. The operating areas of many of the chains overlap each other. A few years ago, most of the companies used a cookie cutter approach and turned out stores without much concern for the requirements of the locale. Changes in economic conditions and consumer awareness of these changes have forced the companies to reevaluate their operating practices and expansion plans.

The editorials of the past two years have analyzed and reported on the problems of the industry. Almost everyone now believes the operating environment has changed for the small food store business. Some operators accept the facts, but are unclear about the solution. Some believe their troubles are caused by general economic conditions and that things will improve once the good old days return. Personally, I think this approach is unjustified. Humpty Dumpty has fallen off the wall, and we'll never put Humpty Dumpty back together again.

What we must do is adapt to the change, or, as Peter Drucker says, we must "shuck off the past." The good news this year is that some of the public companies have shucked off the past and made great strides in adjusting to the new operating environment. In doing the report this year, I was impressed by the sense of change, adaptation, and improvement in some of the chains. I feel very optimistic about the future of these companies. Their policies now indicate that they are aware of the problems and have taken steps to change and improve their operations. It looks to me as if our college alum of last year's report may have passed through the mid-life crisis and now have a new and optimistic perspective.

Here are the good signs I see in the industry this year:

CHANGE: The top chains in the survey have adapted their operating policies. A new sense of awareness and seriousness seems to have emerged. The chains know they can't afford to operate old, rundown, low-volume, unprofitable stores. Many of these stores have now been closed. This was very necessary. More importantly, the successful chains seems to be replacing these stores with new stores that are generating higher sales volumes than the old stores. For several years this was not the case. A lot of stores were closed and a lot of stores were opened, but there was not an improvement in average daily store sales. The sales and operating results of the new store population was not significantly improved. I'm pleased to see that this is changing. Southland, National Convenience, Munford, and Li'l General all made improvements in dollars per day of sales.

SALES: In a year of 8% Consumer Price Index inflation, the chains in the survey increased their average daily sales by 13%. Only two chains slipped against inflation. This year showed the best overall sales versus inflation ratio of any year of the survey. When computed in 1971 constant dollars, the sales versus inflation gain was 4% for this year's survey.

PHYSICAL PREMISES: The annual reports state there is new emphasis on remodeling and renovating older stores. That's a good sign. Premise remodeling creates sales growth. It's gratifying to see the process has been started.

LIFO: Another chain converted its inventory to LIFO this year. Only four more to go, and three of them had better operating results this year than last. The way they are moving, it won't be long before they do well enough to report their earnings on a realistic basis and won't have to continue to overpay taxes.

CONVENIENCE IS DEAD: It needed to be said. Small food stores can no longer pay their expenses from sales derived solely on the basis of location. Stores must look for sales beyond the category of "have to have it" purchases. It's difficult to operate a 24-hour-a-day store with the name 7-Eleven, and it's hard to generate discretionary purchases when you're tied into the convenience classification. Yet, no one should feel bad about giving up the convenience classification. After all, drive-ins and Bantam are gone. Times and conditions change, and convenience stores have to adapt in order to succeed.

GASOLINE: Some stores in the industry have sold gas for 18 years now. Generally, however, the industry has been slow to accept gas sales as part of the small food store business. Most of the companies now own their own gasoline units, and most of the companies are now buying their gasoline from the refiners. Average daily gallonage and average daily margins are increasing.

The amount of gasoline sold and the percentage of the national gasoline market held by small food stores continue to increase. While gasoline will not be a major part of the margin developed by these stores, it is an important adjunct to the overall operation.

The total national consumption of gasoline is declining, and gasoline retailing cannot exist as a stand-alone business. The chains in the survey now sell 2.12% of all the gasoline gallons sold nationally, and the small food industry sells about 7% of U.S. gasoline. Times have changed here as well. It won't take long for their percentages to double, since the number of their gasoline units and the average gallonage per unit is increasing. At the same time, the total national gasoline market is decreasing. Ask not for whom the bell tolls, the bell tolls for the 147,000 gasoline station operators who derive more than half their income from gasoline sales. Gasoline retailing may be a poor business, but if you are going to be in it, the only good approach is that followed by the stores in this survey.

UTILITY RATES: Increasing utility rates will close a lot of low-volume, outdated stores and that's going to be good. Utilities are a big expense item, and an increase here will doom some of those low rent, low cost, low volume stores that saturate some markets. At 10¢ a kilowatt, power cost in a $600 per day convenience store amounts to 8.3% of sales. That's about the same percentage of sales that a supermarket pays for labor. Closing the lower-volume stores will help the sales volume of newer, brighter, cleaner, better-located stores in the area. Hopefully, there will be less people selling convenience only.

NEW CONCEPTS: The old configuration wasn't working, and the chains have been searching for new approaches. The search goes on. Some of the new ideas mentioned this year are: National Convenience's Super Stores, the automatic teller machines in 50 Phoenix Circle K's, Li'l General's new store and graphic designs, and Conna's electronic debit card system. Hopefully, these concepts will continue to improve sales, margins, and profits.

THE FUTURE: The future looks much brighter for these stores. I've seen the future, and it's cash intensive, but even that's positive. One of the problems of the past has been the ease of entry into the business. That has changed. You can't start one store today for what you could start a hundred-store chain for a few years ago. It costs a lot of money to get into the business. This will make it a better business for those who are willing and able to spend the money to respond to the new economic realities. Changed conditions are helping us shuck off the past. It's going to be a better business for those who change and remain in business. There will be fewer stores with bigger sales, higher profits, and lower returns on equity than in the leveraged past.

John F. Roscoe
October, 1982

1981 Editorial Comments*

I've just completed the schedules for the Eleventh Annual Dollars per Day Survey of the Small Food Store Industry. I go through this exercise each year to gain some perspective on the business in which I've been engaged for the past 25 years. It's helpful to sit down each year and take a critical look at the business and the philosophy on which it is built. It's a good time to review the concept and study how it is being applied by the larger companies in the industry. This year, I feel a bit like the college alum who was unsuccessful in life. He had become a derelict and happened to find himself back in his college town during the time when his class reunion was being held. As at most reunions, there was a large banner hung across the front of the student activities building. It proclaimed, "Welcome Back, Class of 1957." As our derelict approached the building, he noticed that the marble steps beneath the massive pillars were covered with bums, winos, and other outcasts. He recognized them as his former classmates. Our friend looked at his fellow alums and happily exclaimed, "I always thought it was me, why the whole damn class wasn't any good."

That's the way I feel about the convenience store concept today. Twenty-five years ago, the concept held great promise. It was expected to be an efficient and profitable replacement to the dying neighborhood grocery store. During the growth period of the 1960's, this field was full of operators who kept telling each other they had "great potential." Generally, the potential has not been achieved, and on the basis of my report this year, I have to say that I'm critical of the whole concept. Something is wrong. Everyone still talks bravely and proclaims great results, but the figuring behind the figures spells trouble. Maybe the whole concept needs to be rethought. Maybe "the whole damn concept isn't any good."

That's a pretty strong statement. After spending a week reading and analyzing the statements of the companies, my feelings and perceptions are probably stronger than those you will form by reading the portions I've excerpted for this report. What makes me ascribe to the statement, "Maybe the whole damn concept isn't any good"?

[illegible]

The eleven chains in the survey had a net growth in store units operated of just 9/10ths of 1% over the number of stores operated at the beginning of their fiscal years. All of that growth was by store acquisitions from other chains. The prices paid for the chains acquired do **not** seem to be the selling prices of going businesses, but are more commonly stores that are being liquidated. 7-Eleven had a net store growth of just 1.5%, and they opened 374 stores to net 107 new units. 7-Eleven's actions impact heavily on the averages, and you need to look at the companies individually to see the trend.

[illegible]

In January of 1975, the eleven chains operated 9,524 stores. In the six years since then, the chains have opened 6,622 stores and closed 3,739 stores, for a net growth of 2,876 stores. You must remember that this is not an old industry. The stores that are being closed are typically less than 10 years old. They just weren't convenient enough to pay their cost of operation.

Since the beginning of 1975, 3,739 stores or 39% of them have been closed. Try to think back over the last ten years and remember how we've been regaled with the site selection expertise of these companies. We've been assured that the site selectors have developed various grid and computer systems to insure they select the most compatible sites. Were these companies, these people, and their site selection wrong? Or is it the concept? Can the industry continue to raise its costs of operations by moving stores to sites that, at the time of selection, appear to be the perfect "convenience location"?

[illegible]

A noted financial analyst recently remarked, "Every well-managed, responsible company that cares about its stockholders has by now changed its inventory accounting method to LIFO." Not in this industry. Why are 36% of the chains in this survey still using FIFO? Are they deliberately trying to overpay taxes? I doubt it. If the seven chains still using FIFO had converted to LIFO last year, it would have lowered their earnings. It would also have caused an average decrease in earnings for these companies. It would also have lowered some executive bonuses. It would have saved them several million dollars in tax payments. Apparently the concept cannot create sufficient earnings for the managements of these companies unless they deliberately overstate earnings.

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*Updated with 1982 figures. Some of these suggestions should still be considered by the industry.

4. Advertising

The chains talk quite a bit this year about their new improved advertising programs, their new advertising agencies, and their increased advertising budgets. It sounds like the fellow who opens a store and expects to do a lot of business. After about a week of poor sales, he decides it's because the public doesn't know he's open. He hurriedly scrawls out a big window sign using the merchant's universal distress signal, "OPEN."

These are convenience stores. The annual reports say so. The names say so. The public knows what they are. Surveys indicate the public has a perception of these stores, and it's pretty well fixed. They know what they stand for. Furthermore, these stores have plenty of customers. Circle K's 1981 report says that the average store serves 5,400 customers a week and that they spend an average of $2.29 each. Unfortunately, this figure includes gasoline sales. The problem is that the customers just don't buy very much when they are in the stores. They know better. The managements of these chains need to sell more merchandise to the customers that are already frequenting their stores.

Convenience is its own advertising. People go to convenience stores because they are near where they work or where they live. The smart, bright location selectors (remember that 39% closure rate since 1975) have wisely placed them on the going-home side of the street. So how come they need all this advertising? It appears that these stores need a new retail offer. Customers are pretty smart. They do what makes sense to them. It makes sense to buy from these stores when it is to their advantage. They know better than to buy very much, because they know they will pay less elsewhere.

Convenience store items are not perceived by customers as good buys. A wise advertising man once said, "If you don't have anything to offer or can't deliver what you have to offer, don't advertise. Try to hide it from the public as long as you can."

5. Puffers

They fooled me. I looked for really big sales increases in 1981. I'd read the trade papers, the quarterly reports, and the press releases. "Sunshine Jr. increases sales by 27%." "Conna stated 'operating revenues were 68% greater.' " What a shock to compute actual dollars per day sales and discover the real situation. Sunshine Jr.'s store sales on a dollars per day basis were up only 4%. Conna's store sales were up just 3%. When these sales are adjusted for inflation, Sunshine Jr.'s store sales declined by 7% and Conna's by 8%.*

How does this happen? Easy, they pretend the gasoline sales are real sales. Gasoline sales are not real sales. The retail price of gasoline has increased from 22.9¢ ten years ago to 122.8¢ today. The margin cents per gallon of gasoline has remained almost exactly the same. That's about 5¢ per gallon. These people know gasoline sales aren't real sales. In most of these companies, the principals still own a significant share of the company. Who are they trying to fool?

6. Increased Expenses

Can you build a store today using the present convenience store concept and do enough business to pay today's costs? The answer is that you probably can about 25% of the time. Every now and then, you find a great location without any competition and people just have to make their purchases from you.

It's generally luck, and it generally doesn't last long. It costs a lot of money to build and run a store today. You have to turn in some big margin dollar results to pay today's expenses. Some of the chains, particularly the Southern ones, appear to be surviving because they have large population growth and yesterday's occupancy and equipment costs. These advantages will only continue to erode. It would be interesting to see a profit and loss recap for stores with pre-1975 operating costs and those with current costs.

In the survey, I show the margin dollars for the average 7-Eleven store. The average 7-Eleven store develops about $21.00 in margin dollars per operating hour. That's just a little less than a journeyman carpenter makes per hour in California. (7-Eleven has more stores in California than in any other state: 1,085 or 15% of their total stores.

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*It's a lot better in 1982. Only two chain store sales (Conna and Circle K) failed to substantially keep pace with inflation.

Recently, I ran across a buy and lease offer for a 7-Eleven store. The annual rent was $29,700 net, with future escalations. That works out to $3.39 an hour on a 24-hour-a-day basis, just for rent. Occupancy costs in some cases have apparently reached the point where the landlord gets more per hour than the people who run the store.

7. Minimum Wage

It's here to stay. Operators may as well accept that it's going to cost at least $3.35 an hour in labor to run a store. Several companies stated in their annual reports that minimum wage increases caused them major problems.

8. Game Machines

I've been in the game machine business. I believe I started the movement in the industry. Game machines helped us through some difficult times. They gave us those extra margin dollars we needed that we couldn't seem to make by selling merchandise to our customers. I now doubt the wisdom of having games in the stores. Operators will never develop enough margin dollars from games to pay a large percent of their operating costs. Everything is a trade off. Games severely affect the perception customers have of your stores. Games may help bridge the gap until you decide what you really want to stand for. I doubt that you can build a merchandise-selling business with them in your stores. If you have to be in games, be wise enough to own the equipment. As with most things, owning is easier than operating. Personally, I think that if games are a necessary part of the concept, the concept is in trouble.

9. Decreasing Profits

Averages are deceiving. On the average, the chains made more dollars of profit per store per day this year than last. It wasn't much more, but it was more. There are some well-run companies that do a lot of clever things and continue to make money with a weak concept. These companies will no doubt continue to survive and prosper. Only three of the chains suffered profit decreases this year. Even without store growth, and with understated costs of goods sold, their profits decreased. It doesn't appear to be serious at this time, because their managements have some latitude in postponing costs and declaring earnings. Unless trends change, some of these companies will not continue to be in business.

10. Gasoline

I've heard operators say, "Gasoline is going to save the business," or, "If only I had gasoline units in all of my stores, I'd be in good shape." I doubt it.

Gasoline is a little like game machines. Gasoline will produce some margin dollars, but not enough to pay a significant part of your expenses.

Let's look at some figures. Even though I believe it costs a lot more to operate a store than $15 an hour, let's take that as an example. If a store is open 16 hours a day, and it costs $15 an hour to operate, the total cost per day is $240. If the store is open 24 hours a day at $15 an hour, the total cost per day is $360.

Last year, the average gasoline unit in a convenience store pumped 1,040 gallons of gasoline per day. The average margin per gallon was about 6¢. (You can insert your own figure, it isn't going to vary much or matter much if it does, there is a trade off with gallons.) At 1,040 gallons a day and a 6¢ margin, you develop $62.40 per store per day in gas margin. If it costs $240 a day to operate, and $60 is developed from the gasoline margin, the gasoline margin is supplying just 25% of the total margin needed to break even.

Gasoline is a nice little extra. For most chains, the maximum percentage of gasoline margin compared to total margin will be less than 20%. Those of you who are planning your operations around gasoline should know this. Gasoline is a product you should probably sell. It undoubtedly increases store traffic. Unfortunately, convenience store operators don't seem to be able to capitalize on customer traffic. Unless the concept includes a way to sell customers more than convenience items, gasoline traffic will never be much of a bonanza to store sales. Gasoline customers typically buy gasoline from you because you have the best price. Price customers know better than to give the money back to you in the store.

The gasoline business has always been in turmoil. The margins developed today are probably normal margins. In recent years, we've been lucky enough to have a couple of good gas shortages when gasoline margins were good. I was surprised to read in some of the annual reports that the present situation is unusual. Low margins are typical in the gasoline business.

There are too many gasoline retailers in the business today. We will probably lose at least another 100,000 gasoline retailers in the next few years. Gas margins are likely to be even lower as this process accelerates.

Gasoline now represents 32% of the total sales of the chains in the survey. If you eliminate 7-Eleven, the figure is closer to 40%. If you count only units that sell gasoline, it's more than 50% of the dollar sales. The rub is that it represents and will continue to represent about 15% of the total margin dollars for the typical store.

The total United States gasoline market last year was about 100 billion gallons. The eleven chains sold 2.1 billion gallons or about 2.1% of the national market. All convenience stores combined sold about 6% of the total national gasoline market. At 6¢ a gallon, they developed a $60 margin per day from gasoline. The service station operator can't run much of a business on $60 a day and neither can the convenience store operator. Convenience stores have figured out how to hold down the prices and help ruin the market for the traditional operator. They have not yet figured out how to merge food and gasoline to their advantage.

11. Store Conditions

A couple of years ago, I updated an old Progressive Grocer editorial called, "The Blighted Area of Food Retailing." The original editorial was a challenge to the class of 1957 to go out into the world and do something about the poor conditions of the small neighborhood grocery store. They wanted convenience stores to update, improve, and modernize small stores so they'd be a source of pride to the industry. The thrust of my comments was that convenience stores had not performed well on that challenge and were, in effect, the new blighted area of food retailing.

As you might expect, my thoughts were not universally acclaimed. For the most part, I believe that the convenience store of today is still the blighted area of food retailing. Financially, they are very marginal retailing units. It takes margin to keep physical premises in good condition. Managerially, they are unstable; it takes margin to recruit, train, and keep personnel who realize the importance of store image to sales. Conceptually, it's hard for many consumers to think well of places whose predominate sales categories seem to be liquor, cigarettes, pornography, rolling papers, and game machines.

This is not something that can be glossed over. The mass market consumer cares a lot more about how the neighborhood store (that's less than five minutes away from their house) looks than they care about that chain's commitment to charity. They'd rather have you pick up the litter around your store, paint your building, and repair your parking lot than see your picture in the paper getting the compassionate man of the year award.

12. Decreases in Sales

If you are a retailer and don't have sales, you don't have much. You really are a derelict. All businesses have problems, and good sales volume can cure a lot of them. When you adjust the sales of the chains in this survey for inflation, only four of them have any real sales growth. As a group, their sales are up 4% against inflation. Some of them have serious problems.

You have to remember that the chains have tried to raise their average store sales by closing lower volume stores. They've tried to increase sales by building in what they perceived to be higher volume locations. They've increased occupancy costs by moving stores to more convenient corner locations. They've built a bit better store for a lot more money.

It hasn't helped average sales in real dollars. It appears you cannot close stores fast enough to raise the sales average. Average daily sales have just not responded to these changes. Some have been fooled by inflation. Since their dollar sales have increased, they think they are doing a lot more business. Every retailer needs to take his 1982 sales and divide them by 237.0 to compute his constant dollar sales for the past year. A concept without sales growth is a concept without a future. Retailers who classify themselves as convenience store operators need to rethink their concept. It may be that they have a mind set that they may be unable to change without outside help and guidance. It is unlikely that they can change their concept by meeting with other operators who have the same retailing heritage and thus the same built-in predispositions. In science they say, "A new scientific truth does not triumph by convincing its opponents and making them see the light but rather because its opponents eventually die, and a new generation grows up that is familiar with it." The same can probably be said for retailing.

Maybe we should take a lesson from the Japanese. I hope you read the schedule showing the dollars per day results of the 7-Eleven Japan Company. They started in business in 1973. Today they have over 1,300 stores. Their average daily sales in U.S. dollars is $1,967 per store per day. They made $87.88 in pretax profit per store per day.

Why? Let me tell you why I think they are so successful. It's because the Japanese have never understood the United States concept of a convenience store. To the Japanese operator, it means doing things in an organized manner. It means copying Western ways of doing business. It means using modern business methods to improve business efficiency while maintaining value in the retail offer.

To the Japanese consumer, it means a good place to shop. Convenience stores in Japan are newer, brighter, and cleaner than competing stores. They mean more for less to the customer. They are well priced, better stocked, and better run than other food stores. It's an improved and superior way for the consumer to shop. There is no lack of food stores in Japan. In fact, there are over 800,000 food stores in operation. It's just that the customer perceives that the convenience store is a good place to buy things. Because of this, they do a lot more business and make a lot more money.

Maybe the whole damn concept isn't bad. Maybe we'll get another short-term bonanza that will provide a bit of extra margin like the 24-hour store, FCB machines, gasoline, game machines, or fast food module. But because of inflation and changing times, the size of the fix needed is becoming larger all the time.

John F. Roscoe
November, 1981 with updated figures from the 1982 report.

Pertinent Excerpts from Earlier Surveys*

The following items have appeared in the editorial section of previous surveys. Since I believe they still have merit, I have included them again this year. It's a lot easier than trying to make the same point each year. Some of the items seem to go unheeded, but in general the industry has moved in the direction of our comments.

Significant Events of the Last Ten Years from the 1980 Survey

In looking back over the last ten years, the following items appear to be the most significant:

1. **Inflation**: It takes 237.0 1982 dollars to produce one 1971 dollar.

2. **Gasoline**: A badly mismanaged margin dollar tool. On the basis of the results to date, the average food store operator would do better to increase store sales by $150 per store per day. A weak store program and a poor gasoline program don't combine to make a strong value statement to the consumer.

3. **Extended Hours**: Many companies now operate a majority of their stores on a 24-hour basis. These extended hours have added to average daily sales. Sales are better, but operating costs also increase when operating hours are extended. If the difference between 1971 and 1982 11 p.m. to 7 a.m. sales are eliminated from total sales, the average chain has probably suffered a sales decline of about 20% in terms of 1971 dollars.

4. **Entry of Oil Companies and Oil Jobbers into the C-Store Business**: Convenience sales go to the nearest outlet. When there are more outlets, the sales average of the outlets declines. Most of the units I've observed appear to be very marginal. Unless oil companies put their name and reputation behind each individual store, there probably won't be many survivors.

5. **Growth**: Note the balance between store openings and closings in this report. The rate of store growth has declined, and we will soon see a year when the chains in the survey close more stores than they open. The 10% to 15% growth rates of the early years of the survey have dropped to 1% this year. It's not saturation that is causing the decline; it's the weakness of the concept. Convenience shopping will not pay the costs of today or tomorrow.

6. **The Mood of the Consumer**: The retailing environment has changed. Less goods for more money is a debilitating retail philosophy in an environment that is concerned with a depreciating standard of living. Operators need to rethink their approach to the consumer.

How Do You Assess a Small Food Store Company? as Reported in the 1980 Survey

It's a tough exercise. Changing costs, perceptions, values, and conditions make it more difficult than ever to adequately assess the true status of these companies. In the long run the consumer is king and patronizes those stores that best fill his needs. Consumer actions are reflected in the figures that eventually appear in the annual reports.

Because of acceleration of change, most annual statements do not reflect the true status of the companies. In a few companies, the underlying assets are of more value than the operating company. In most companies, a slick annual report masks some large, basic problems.

No company today can be analyzed without looking both at the annual statement and at the operations. I'd advise you to visit the store units and decide for yourself if their store operations make sense.

Things to Consider as Reported in the 1980 Survey

1. **Store Evaluation**: As a customer, would you choose this unit over other buying alternatives in the market? What's the general appearance of the store? If you lived in this neighborhood, would you or your family spend $100 a month in this store? How does this store size up against the philosophy outlined in the annual report? Would you be proud to own this store?

2. **Inventory Quality**: How is the inventory valued? How many dollars of inventory can't be sold for over 3 months? How many dollars of inventory can't be sold at the price marked on the goods? How many dollars would this be if multiplied by every store in the company?

3. **Store Conditions**: What would it cost to repair everything that is broken or damaged in this store? Is the equipment or the premises outdated? Does it appear that the policy of the chain is to repair and maintain the store and its equipment in first-class condition or are costs being deferred to the future?

4. **Real Estate Ownership**: Does the company own its real estate? Why not? What would be the effect on operating results if the

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*With figures updated to 1982.

company had to amortize its occupancy costs at today's replacement prices? How long will it be before it has to do this?

5. Employee Motivation Package: Are the employees being paid wages comparable with other legitimate retail operations in the area? Does the chain complain about the costs of minimum wage increases in its annual report? Does the company have a pension plan that allocates worthwhile amounts to pension costs? Is there a pension plan at all? Is there an incentive package? If store operations become more complex, can these store people run the new merchandising offer? What do the employees think of the company?

6. Gasoline Ownership: Does the company own the gasoline dispensing units? Given the percentage of total margin developed by gasoline, should the company even be in the gasoline business? Does gasoline dilute their store effectiveness or their retail offer?

7. Sales Level and Sales Growth: Is the company producing sufficient sales? Are the sales keeping pace with inflation? Do they seem to have a strategy to increase sales? Do they know whether they have real sales increases or sales decreases?

8. Productivity: What does this store do better than another store down the street? What sets them apart from their competitors? Are they trying to be the efficient supplier of some type of goods or do they rely on the business that drops in? Are they trying to compete only at the store level, while their competitors are integrating for greater efficiency?

9. Innovation: Are there any signs of innovative behavior? If they copy others, do they copy well? Do they recognize that the marketplace is changing?

10. Inflation: Do they seem to understand inflation? Have they switched to LIFO for inventory evaluation purposes? Why not? Have they or are they switching their goals and strategies because of or in anticipation of inflation?

11. Store Identity: Whose store is it? Do they stand for something? Are they putting their name, reputation, and chance for financial loss behind each individual location? When the unit fails, who suffers? Do they ensure that each unit is operated to be profitable and build sales in the other units of the chain? Are they really in the business of satisfying customers or is this a cheap way to sell a few more units of merchandise?

Convertibility as Reported in the [illegible] Survey

All standards of operating performance measured in dollars can be converted to dollars per store per day. For example:

1. Return on Investment: If $100,000 is invested in a store and the expected rate of return on this investment is 15%, an annual pretax profit of $15,000 is expected for the store. If this $15,000 is divided by 365 operating days, it produces an expected pretax profit of $41.00 per store per day.

2. Percentage on Sales: If sales are projected at $7,500 per week or at an annual rate of $390,000, and the projected profit is 4% of sales, an annual pretax profit of $15,600 is expected for the store. If $15,600 is divided by 365 operating days, it produces an expected pretax profit of $43.00 per store per day.

When you convert your formula for measuring the success of a convenience store into dollars, it can be judged and ranked with other stores and chains on a dollars per day basis. Store operators are encouraged to keep score in dollars. Bankers, creditors, and stockholders all keep score in dollars. Percentages can be comforting sometimes, but percentages cannot be spent.

[illegible]

Though we do not have specific data to completely substantiate this statement, it is our feeling that subsidiary activities have almost no effect on dollars per day. We have analyzed chains with a great many 24-hour stores, chains that warehouse, chains that sell gasoline, chains that franchise, chains with many new stores, and chains where these conditions are of little or no importance. We can find little correlation between these activities and the final pretax profit per store per day. There appears to be no magic combination of activities that produces high profits except for management's profit goals and profit administration.

Philosophy of Profit as Reported in the [illegible] Survey

The need for a profit philosophy among convenience store retailers should be reiterated. It appears many operators either do not have a profit goal or the goal they have established is unrealistically low. Profit should be planned and steps should be taken to achieve the profit plan. When profits are "what's left over after expenses are paid," profits will consistently be just above the survival level.

Some operators have developed a profit philosophy and regularly achieve their goals. Profit levels are planned and remedial action is taken when profits fall below the goals of the plan. Other operators merely survive and continue to add units of a marginal nature.

There are few secrets in convenience store retailing. There is no secret of operation that separates one chain from another. The secret of profits and thus the difference between companies appears to be the profit philosophy of the controlling personalities within these chains. Just a few individuals can change and upgrade the success level of this industry.

How Should a Convenience Store Be Judged? as Reported in the 1975 Survey

How should the success of a convenience store chain be judged? What standards should be applied to a company to determine its level of performance? Is the most successful chain the one with the most stores? Is it the chain with the greatest sales or the highest average sales? Is is the one with the best-looking stores or the one with the happiest and best-paid employees? Or should chains be ranked according to return on invested capital or by dividends to owners? How about the best public relations or the cleverest advertising, the greatest total dollars of profit or the highest percentage of profit on sales?

All of these may be good indices of success in convenience store retailing. Some operators are partial to one measurement of success, some to another. Performance standards are important to an industry. Those engaged in an industry generally try to perform so that they achieve the standards that are recognized as important by others in the trade.

The Importance of a Dollar per Store per Day as Reported in the 1975 Survey

Sometimes we overlook the importance of a dollar per store per day. When you have multiple units, a small decision that costs just a dollar a store a day can be a decision that will have a large impact on your profits.

1. If you operated ten stores, a dollar a store per day in increased expense or reduced margin costs you $3,650 a year.

2. A dollar per store per day of increased expense would have cost Southland $2,535,749 in pretax profit last year.

3. Either a dollar of increased margin or a dollar of decreased expense dollars per store per day would increase the profits of the industry by $4,564,800.

Seemingly small decisions have a big effect on pretax profits. The cost of these decisions should be weighed against your pretax dollars per store per day rather than against sales. All other things being equal, the industry on the average can make only 52 decisions that cost a dollar a day or all of the industry profits would be eliminated. Without corresponding margin increases, $51.70 per store per day in increased cost for the industry would eliminate all industry profits.

The Chain Store Problem as Reported in the 1975 Survey

It is unusual to have any kind of chain where every unit is profitable. It has been said that the profit formula for most operators of 10 units is as follows:

3 great profitable units +
4 marginal break-even units –
3 low-volume money-losing units
Results = No Profit

Because location is of such vital importance to the successful convenience store, this profit formula is especially true. One of the skills necessary to produce high dollars per day is the ability to successfully manipulate the good store/bad store ratio. Good per store accounting is vital to obtaining this control. Given the correct operating results by store, operators must have the courage to admit they have a losing situation and the willingness to do something about it. Some operators apparently hold on to losing stores too long and are unwilling to take losses when they occur. Because of the importance of identifying and closing unprofitable stores, we have included the number of store closings in our schedules when they are available. Closing an unprofitable store is commendable and shows a high degree of management maturity. The areas of single store profitability and when and what to do with the losing store are areas that deserve greater study than evidenced in the industry to date.

The time is past when a chain can be profitably managed by controlling expenses and taking just the convenience sales that locations provide. Sales and sales growth are the key words for the future. The chains that develop the sales capability to draw a customer past another store and shop at their unit will be the ones to survive.

Secret of Profitability as Reported in the 1978 Survey

The secret of profitable operations is not to operate any unprofitable stores. Tom Turner, president of Sigmor Oil, gave everyone the secret of chain retailing success during a talk in New Orleans in the summer of 1978. Tom said, "Run only profitable stores." It's so simple, we've never thought of it. Stockholders and analysts should ask management, "How many of our (your) 500 stores were unprofitable last year?" It's been said that the small food industry is the only business in which as many as one-third of the stores operate unprofitably.

Capacity as Reported in the 1979 Survey

What is the sales capacity of a 2,400-square-foot store staffed by one person and stocked with a $30,000 inventory? The chains in the survey produce average daily sales from $562 to $1,535 from their typical stores. Sales per day vary widely between stores within the same chains. Thought should be given to the percentage of sales capacity at which stores are operating. Many stores have a sales capacity several times greater than that at which they are operating. They are like a half-full airplane or an empty theater.

Is Convenience Dead? as Reported in the 1977 Survey

Obviously not, but will it produce enough sales to pay the expenses of tomorrow? Probably not. It appears that the small food store needs to fill a greater function than convenience. Convenience is a limited market. Stores should become the basic source of supply for some of the goods they offer to the public. The history of retailing success has been in giving the customers more for their money.

Gasoline as Reported in the 1977 Survey

Gasoline will not have a major impact on the long-term profitability of the small store. Gasoline margin can provide less than 20% of the margin necessary to pay the expenses of a store. It may provide a necessary bit of auxiliary revenue for the typical store, but it won't sustain profitability. The other person's business is always better until you get his expenses. Gasoline already affects the judgment of convenience store executives. It will soon begin to affect their expense levels.

Gasoline Dealerships and Supply as Reported in the 1979 Survey

The figures this year make it very clear that small food store operators have missed the boat on gasoline marketing. Sure, they've added gasoline facilities to their stores over the years, but except for a few operators, it has had little impact on their financial results. Basically, they are doing the work and giving the returns to the smarter people. They've learned to handle the operational problems of the gasoline business for the fun of it.

Retailers have traditionally felt that suppliers should put free racks and equipment in their stores. Historically, most convenience store retailers have purchased their store products from middlemen. When these two philosophies were applied to the gasoline business, it cost the retailers dearly. Let's hope they learned there are no free lunches.

If small store operators believe there is a future in gasoline marketing for them, they had better begin today to take two painful and costly steps: 1) make the investment in their own equipment, and 2) try to begin to buy gasoline from a supplier who refines and sells gasoline in their marketing area. Neither step will be easy, but future gasoline rewards depend on it.

Ownership of Real Estate as Reported in the 1979 Survey

The philosophy of real estate ownership will be important to operators in the years ahead. Only a few chains presently own much of their real estate and thus completely control their destiny in their present locations. Many operators presently have long-term leases at very favorable prices, but soon tomorrow's costs and values will be imposed and operators must be ready.

Great investments need to be made to bring the stores of yesterday into line with the operating realities of today. This will continue to be true. Remodeling, refurbishing, and renovating are probably less painful to do when the company owns the property and plans to continue to operate a store on the premises. With today's inflation rates in real property and construction costs, it was a wise company that bought yesterday. There is probably no more significant management decision to be made today than that of whether to buy or lease. For my money, it's an easy decision.

What Are We Selling? as Reported in the 1979 Survey

I was intrigued and dismayed by the comments of E. W. Kelley, president of UtoteM, who stated at the 1979 annual meeting that "the industry now must properly nurture that growth by recognizing it is 'convenience' we are selling, not merchandise." I couldn't disagree more. UtoteM and other low-volume convenience store chains need to decide they are in the business of selling merchandise, and they should do a better job of selling that merchandise. Except for extraordinary locations, the day is long past when you can pay your expenses with convenience. Customers understand value, and they take their business to stores where they perceive better value. For the small food store business to be legitimate, operators must learn how to sell merchandise to customers. We need to employ such devices as quality products, exceptional service, product guarantees, friendliness, cleanliness, and the other techniques used by successful volume merchants. Until individual chains operate stores so that customers will pass by other stores to come to them, they haven't much of a business. We need to be in the business of selling quality products from attractive stores staffed with happy, competent, well-paid employees. And we need to sell our products to satisfied customers who will continue to frequent our stores. Convenience is a temporary attraction, and it is no longer sufficient to sustain a business.

HOW TO DOUBLE CONVENIENCE STORE PROFITS

If these twelve chains can produce sales growth of $184.67 per store per day at a margin of 28% without increasing expenses, they can double pretax profits.

Current pretax profit per store per day	$51.70
Sales growth per store per day of $184.67 times 28% increases margin per day by	$51.70
Increased expenses	0
Resulting pretax profit per store per day	$103.40

If increased sales can be made at higher margins, the amount of sales growth needed to double profit is considerably reduced.

Profits can also be doubled if existing expenses can be reduced by $51.70 per store per day. Present convenience store expenses appear to be around $290.46 per store per day and have increased $166.31 per store per day since 1971.

It would seem easier to double the profits of a company by increasing the sales per store per day by $184.67 rather than reducing expenses by $51.70. Almost any combination of increasing sales or reducing expenses to double profits would be easier than the approach of doubling the number of stores operated by the chain.

Store Closings as Reported in the 1973 Survey

One of the greatest opportunities for improvement of profit per day will be the analysis of existing stores. If all of the convenience stores that are now losing money were identified and closed, the averages sales per store and thus the average margin and profit per store would be dramatically increased throughout the industry.

It appears that the cost of running a small retail outlet is increasing. As these costs rise, the chains will be forced to review, re-evaluate, and close lower-volume units. Stores that were profitable at yesterday's costs will not be profi profitable tomorrow.

1981 Comment

I didn't realize they'd have to close over one-third of the stores just to stay even. (See schedule of stores opened and closed.) Apparently I was wrong in 1973 when I decided salvation could be obtained by closing stores. Evidently you also have to do a better job in the ones you leave open.

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About the Author

The Dollars per Day Survey is written and published by John F. Roscoe. He has operated small food stores since 1957 when he opened his first store in Denver, Colorado, and he now owns and operates a chain of 140 stores in California, Idaho, and Colorado. John Roscoe was the first to combine the sale of gasoline with a convenience food store and was instrumental in the acceptance of this method of gasoline dispensing.

The survey has been published every year since 1971 and is generally regarded as the most accurate index of the financial results of U.S. convenience stores. John Roscoe collaborates with Lise, Ned, and Sally Roscoe in publishing the annual "What Do the 25 Largest Oil Companies Have to Say About Gasoline Marketing?"

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